Tax

Letter from the Chief Financial Officer

Nedbank Group is committed to being fully compliant with all tax legislation and regulatory requirements in all the jurisdictions in which it operates. We remain committed to delivering on our purpose of using our financial expertise to do good and contributing to the well-being and growth of the societies in which we operate by delivering value to our employees, clients, shareholders, regulators and society.

Mike Davis, Chief Financial Officer

I am pleased to introduce our Tax Review for the year ended 31 December 2023, which forms part of our integrated and environmental, social and governance (ESG) reporting universe.

We constantly strive to improve our tax transparency every year to ensure that we effectively and clearly communicate how we manage tax to all our stakeholders. We are particularly proud to be acknowledged in the recently published PwC *Tax Transparency and Sustainability Reporting 2023* Report, which is a global study on tax reporting. This is the 1st year that SA has participated in the global study, which takes a closer look at the tax contribution role that corporations play, as well as their role in enabling the broader tax system to work. Additionally, in the 8th PwC *Building Public Trust Through Tax Reporting Review*, Nedbank achieved an overall 1st place amongst the top 100 companies listed on the JSE in terms of consistently providing value-added and high-quality tax disclosure based on the criteria of the PwC Tax Transparency Framework.

Businesses and societies benefit where there is transparency and trust. The purpose of the Tax Review remains the same as in previous years, which is to provide increased transparency and valuable financial and non-financial information to all our stakeholders about our tax strategy and policies, our approach to tax management, and the key tax principles that we have adopted to demonstrate that we are doing business in a sustainable and responsible way. To act with integrity, respect and accountability, while being people-centered and client-driven, are the principles that guide us.

In this Tax Review, consistent with prior years and to demonstrate that we continue to make significant tax and economic contributions, we present the component parts of our total tax contribution, which amounted to R13,2bn for the FY 2023 (up by 15% from 2022), as an expression of our commitment to the inclusive growth and sustainable development of the communities and jurisdictions in which we operate.

We are furthermore confident that the integration of and our approach to tax, as set out in this report, demonstrates our commitment to advancing the achievement of the United Nations (UN) Sustainable Development Goals (SDGs), which we have adopted as a framework for measuring delivery on our purpose.

Nedbank Group is committed to being fully compliant with all tax legislation and regulatory requirements in all the jurisdictions in which we operate. We remain committed to deliver on our purpose of using our financial expertise to do good and contributing to the well-being and growth of the societies in which we operate by delivering value to our employees, clients, shareholders, regulators and society.

We hope that throughout the Tax Review we answer the relevant questions about tax fairness and tax transparency, and I encourage you to read our 2023 Integrated Report and our 2023 Society Report, including the Sustainable Development Review chapter for more details on the other initiatives, social investments, and contributions that we have made this year.

About our 2023 Tax Review

Our 2023 Tax Review is the outcome of a groupwide reporting process that is governed by the board, led by Group Exco, assured through our coordinated-assurance model, and delivered through groupwide collaboration. Integrated thinking enables us to create and preserve value as we fulfil our purpose to use our financial expertise to do good for individuals, families, businesses and society.

The process we follow to complete the Nedbank Tax Review

The 2023 Tax Review is the outcome of internal and external discussions, minutes, business plans, decisions and approvals, as well as internal and external information.

A cross-functional team, led by the Executive Head: Group Tax and representing various subject matter experts in Group Tax and across the group, produces the content that is included in the Tax Review. The process is governed by the GAC, which provides final approval of the report, while the Group Integrated Report Approval Committee (which has delegated authority from the board) provides final sign-off for publication.

The reporting frameworks to which we adhere

Our Tax Review is guided and influenced by the principles and requirements of the following frameworks:

- Integrated Reporting Framework.
- King Code of Corporate Governance Principles for South Africa (SA) (King IV).
- B Team Responsible Tax Principles.
- Global Reporting Initiative Sustainability Reporting Standard on Tax (GRI 207).
- World Economic Forum Stakeholder Capitalism Metrics.
- Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct.
- S&P Global Corporate Sustainability Assessment.
- MSCI ESG Ratings Methodology.
- Johannesburg Stock Exchange (JSE) Sustainability and Climate Disclosure Guidance.

As a predominantly SA-based bank and a company listed on the JSE, we align with the JSE Listings Requirements, the South African Companies Act, 71 of 2008, and the Banks Act, 94 of 1990.

How we ensure the integrity of our report

The GAC considered the integrity of the Tax Review and concluded that it adequately provides material disclosures of the group's financial and non-financial tax matters.

The financial information contained in this report has been extracted from the Nedbank Group Limited Consolidated Annual Financial Statements for the year ended 31 December 2023. An unmodified audit opinion was expressed on the Consolidated Annual Financial Statements. We have also engaged Deloitte to provide limited assurance over selected value driver indicators covering environmental, economics, IT, HR, and SDF. These value drivers have been identified by management as important to stakeholders for communication throughout the Nedbank Integrated Report and Climate Report, and to the extent to which these are included in our Tax Review. This limited assurance was conducted in accordance with ISAE 3000 (Revised).

The board ensures the integrity of the report through our integrated-reporting process and the various approvals and signoffs by Group Exco and the board. The board also relies on our coordinated-assurance model, which is overseen by the GAC, and assesses and assures various aspects of our business operations and reporting. These assurances are provided by management and the board through rigorous internal reporting governed by the group's ERMF, GIA, as well as independent external sources and service providers.

Our 2023 Tax Review

The Nedbank Tax Review presents a detailed view of our strategic approach to tax and tax-related processes, tax governance and the Tax Risk Management Framework, stakeholder engagement, and our tax contributions in the various jurisdictions in which we operate for the financial year ended 31 December 2023.

We are a predominantly SA-focused banking group with a vision to be the most admired financial services provider in Africa by our stakeholders. We have a clear and driving purpose: to use our financial expertise to do good for individuals, families, businesses and society. In this Tax Review and in line with our purpose, we have positioned tax as a strategic asset to our stakeholders by showing how the integration of and our approach to tax is linked to the UN SDGs, disclosing the wider economic impact analysis of our tax contributions, highlighting initiatives that support adherence to our key strategic tax principles, and providing specific information on our contribution as a strategic financial services role player to the tax collections system and tax reform.

Nedbank is committed to the highest ethical standards when conducting business and requires all employees, contract workers, part-time employees, partners, agents, intermediaries, joint ventures and vendors to act with honesty and integrity. Nedbank has mechanisms in place for reporting concerns about unethical or unlawful behavior, including integrity in relation to tax. In this regard, tax evasion and tax evasion facilitation are listed as financial crimes under Nedbank Group's Financial Crime Risk Management Framework, and inappropriate behavior by our employees linked to tax evasion is prohibited in terms of our Code of Ethics and Conduct.

Channels for reporting unethical behavior are discussed in the Ethics Review on page 49 of this report.

Nedbank's approach to tax

Nedbank's tax strategy and approach to tax are enabled by our key tax principles as contained in the Nedbank Group Tax Policy, which the GAC reviews and approves annually. Our key tax principles are guided by our purpose, vision, brand promise and values.

Our tax strategy

Nedbank's tax mission is to be a responsible corporate citizen that pays its fair share of tax, always acting with transparency and integrity to support positive and sustainable relationships and create tax certainty. Our tax strategy is designed to support us in our purpose, vision, values, and business strategy.

Tax principles

We believe that it is essential to have a set of guiding tax principles as set out in the Nedbank Group Tax Policy, which we adhere to and which set the tone for our tax strategy and approach to tax. These principles that guide our approach to tax are related to how we create, preserve, and minimise the erosion of value for our stakeholders, including our employees, clients, government, regulators, and society.

Our key tax principles are aligned with the B Team Responsible Tax Principles, which have been developed through dialogue with a group of leading companies and contributions from civil society, institutional investors, and international institutional representatives, with the aim to establish the golden standard of principles and an approach to taxation that companies can endorse to demonstrate their responsibility and play their part in creating a stable, secure and sustainable society.

Our tax strategy, unlocking strategic value, is executed in an integrated approach as follows:

Responsible corporate citizen

Mission: Being a responsible corporate citizen that pays its fair share of tax, always acting with transparency and integrity to support positive and sustainable relationships and tax certainty

Key tax principles

Tax Morality

- Paying our fair share of tax, at the right time, in the countries where we create value.
- Complying with all tax laws.
- Aiming for certainty of our tax positions and resolving disagreements promptly.
- Zero tolerance for aggressive tax planning.

Regulators | Society | Shareholders | Human capital

Transparency

- About the taxes that we pay to governments.
- About our approach to tax.
- To inform and build trust among our stakeholders.

Regulators | Society

Accountability and governance

- Tax is a core part of our corporate responsibility and governance and is overseen by the Board.
- Having robust governance and managing tax risks within our risk appetite guidelines.
- Seeking to identify, assess, control and report tax risks in accordance with our Tax Risk Management Framework.
- Ensuring that all significant business decisions and tax planning are:
  - subject to robust risk assessment; and
  - adequately supported.
- Ensuring that the reputation of the group is protected.

Shareholders

Constructive engagements

- Engaging constructively and cooperatively with revenue authorities and industry bodies in the interests of our stakeholders.
- Supporting the development of effective and efficient tax systems, laws and administration to support economic growth, job creation and long-term sustainable tax contributions.

Regulators

Regulatory compliance

- Ensuring the integrity of all reported tax data.
- Ensuring timely compliance with all relevant statutory tax obligations (including payment of all taxes) in the jurisdictions in which we operate.
- Continuously identifying and monitoring the potential impact of new tax legislation.

Regulators

People development

To provide expert advice, strategic framework and practices on regulatory compliance, tax risk and business tax management across Nedbank.

Enhancing team effectiveness by

- Multi-skilled and diverse team
- Clear goals and purpose-driven performance underpinned by inclusive behaviours and values
- Upskilling to be the tax function of the future
- Specific focused development plans
- Embedding a collaborative culture that fosters accountability and innovation
- Trusted partner in customer service and value creation

Human capital

Robust tax risk management processes

Risk management

Tax digitalisation

Driving efficient execution | Digital leadership (DX)

Nedbank's Group Tax Policy is reviewed annually and was approved by the Finance Forum on 16 May 2023 and the GAC on 26 October 2023.

Read more on how we deliver value for our stakeholders on page 109.

Nedbank's approach to tax continued

The key tax principles that guide our actions are as follows:

1 Responsible corporate citizen

As a responsible corporate citizen and taxpayer, we are committed to –
being a responsible taxpayer that pays its fair share of tax within industry norms, acting with integrity when engaging with revenue authorities to support positive and sustainable relationships and, for the purposes of obtaining certainty of its tax positions, engaging with revenue authorities regarding the application of the tax law and identifying and resolving disagreements with the revenue authorities promptly.

2 Transparency

We are committed to –
being transparent about the taxes that we pay to governments and the approach to tax to provide a better understanding to all stakeholders, manage their expectations and build trust among all stakeholders.

3 Risk management and governance

We are committed to –
having strong governance, managing tax risks within the risk appetite guidelines of the group; seeking to identify, assess, control and report tax risks in accordance with our Tax Risk Management Framework; ensuring that the group has a sustainable effective tax rate and cash tax paid; ensuring that all adopted tax positions are subject to robust risk assessment and adequately supported; and ensuring that the reputation of the group is protected.

4 Constructive engagement

We are committed to –
engaging constructively and cooperatively with revenue authorities and industry bodies in the interests of our stakeholders and supporting the development of effective and efficient tax systems, laws and administration to support economic growth, job creation and long-term sustainable tax contributions.

5 Regulatory compliance

We are committed to –
ensuring the integrity of all reported tax data and timely compliance with all relevant statutory tax obligations (including payment of all taxes) in the jurisdictions in which we operate, and continuously identifying and monitoring the potential impact of new tax legislation.

6 People development

We are committed to –
developing highly qualified tax professionals, with digital and analytical skills as part of a leading tax function.

Nedbank's approach to tax continued

Our tax digitalisation roadmap

During the FY 2023, we made good progress on our Digitisation Roadmap. We have successfully consolidated a substantial part of our tax data across the Group to align with the anticipated SARS Digitisation Journey, automated part of the 3rd-Party Appointments process and further enhanced the corporate income tax processes. To enhance our productivity and improve operational efficiency and the integrity of our tax reporting, we will continue to leverage the technology platforms that we are putting in place and continue to drive automation and digitalisation of our tax processes.

What
- Implementing more robust and efficient tax processes, enabled by tax technology solutions to move towards a strategic and leading tax function.

How
- Integrating, automating and digitising tax data and processes to improve risk management and provide data insights into the business.

Why
- To mitigate operational tax risk associated with compliance and reporting in the current and future state.
- To enhance efficiencies in tax processes.
- To provide insightful data analytics that will assist in budgeting and provisioning.
- To enhance governance and transparency.

Driving effective execution

Transfer pricing
Design, consolidate and implement a cross-border and inter-company transfer pricing capability by leveraging existing internal systems.

3rd-party appointments
End-to-end automation of the 3rd-party appointment processes, with appropriate workflow.

Corporate income tax
Leverage existing internal general-ledger technology to facilitate real-time analytical and data insights for client-facing clusters in terms of their direct tax charge.

Adhering to regulatory reporting requirements

Workflow compliance
The use of a digital interface with the SARS e-filing platform, with workflow functionality to align with the new digitisation reform of revenue authorities.

3rd-party IT3 reporting
Automation of processes to facilitate client reporting to revenue authorities.

Value-added tax
Design and implement enhanced VAT reporting capabilities through the creation of a Data Mart with automated preparation of VAT returns.

Base Erosion Profit Shifting (BEPS) Pillar Two
Reporting solution to enable accurate and timeous reporting to revenue authorities, aligning with the global minimum tax directive under the OECD.

Tax and sustainability

Creating value in a sustainable manner through our strategy

Nedbank is aware that it, alongside its stakeholders, operates in a nested and interdependent system. This means that for our business to succeed, we need a thriving economy, a well-functioning society, and a healthy environment. The tax that we pay is an important part of the wider economic growth, social upliftment, and environmental impact on the communities and the development of the jurisdictions in which we operate.

We ensure that tax is integrated and aligned to business, and that all the tax implications of our sustainable finance solutions and investments are considered from both an organisational and client perspective and are aligned to our tax strategy and principles.

Our responsible tax strategy and the tax that we contribute in the jurisdictions in which we operate fund critical infrastructure to support our SDG commitments.

Refer to our economic contribution of taxes paid on page 123.

Tax as a material matter

We have identified tax as a material matter given its significant financial and social impact on the organisation and our stakeholders. Identifying our material matter is a groupwide responsibility and requires input from our businesses, an assessment of the risks and opportunities in our operating environment, and input and feedback from our various stakeholders.

We apply the principle of materiality in assessing the information that should be included in our Tax Review. Although all the material matters noted on page 11 of the 2023 Integrated Report all impact tax, the demand related to governance, regulation, and risk management plays a significant role in tax management. Fundamentally, the business of banking remains managing risk, and we always strive to be world-class, having a strong risk culture, sound governance, and a robust ERMF. We strive for agile but responsible, accountable, and effective governance and risk management, while creating and protecting value for all our stakeholders.

Nedbank's approach to tax continued

Stakeholder engagement

Delivering value by fulfilling our purpose

As a financial services provider, we are deeply connected to the environment we operate in and the societies we serve. Our ability to create and protect value is dependent on our relationships, activities, and the contributions we make to our stakeholders, including our economic contribution through the taxes we pay and collect. By providing for their needs and meeting their expectations in relation to tax matters, we create and protect value for our stakeholders and Nedbank, while looking to minimise value erosion.

Nedbank Group

A strong and profitable business enables continued investment in our employees and operations, which in turn creates value for our clients, shareholders and society at large. Trust is core to our relationships and to creating and preserving value.

Employees

We engage with our employees on a regular basis on tax. Our employees are interested in tax matters and tax developments to allow them to better understand tax risks and add value to our clients. Employees, as part of society, contribute materially to the communities in which they live and work through tax contributions.

Value is created and preserved through ...

- providing support to employees with their personal income tax compliance obligations;
- providing tax specific training and awareness;
- developing our employees with future-fit tax skills;
- equipping our business with professional tax advice and oversight to ensure tax risks are mitigated;
- rewarding employees for the value they add;
- embracing flexible working practices; and
- contributing to the transformation towards a more inclusive society through employment equity and gender equality.

Clients

Our clients expect accurate and valid tax reporting to revenue authorities. They also expect seamless and modern KYC processes to ensure a satisfactory experience. They are interested in the tax implications of the products and services we offer.

Value is created and preserved through ...

- providing clients and revenue authorities with accurate and valid tax information to ensure tax compliance;
- providing tax guidance in relation to our products and services;
- providing credit in a responsible manner that enables wealth creation, sustainable development and job creation, aligned with the SDGs and the drive to transition to a net-zero economy by 2050; and
- developing innovative solutions that meet our clients' specific needs.

Shareholders

Our shareholders require from us transparent and accurate tax reporting and disclosure. They are interested in our tax strategy and how we create value and contribute to our ESG practices in a sustainable way.

Value is created and preserved through ...

- providing insightful, relevant and transparent tax reporting;
- ensuring robust tax governance and tax risk management; and
- operating within our tax risk appetite.

Government

The taxes we pay are imperative for the economic and social development of the countries in which we operate. Our government and regulators expect open and honest dialogue on tax matters and active contribution to industry working groups.

Value is created and preserved through ...

- participating actively in industry forums on tax matters;
- contributing meaningfully to government budgets through our own corporate taxes and employees paying personal taxes; and
- collaborating with legislators and tax policy setters to ensure clear and unambiguous tax legislation.

Revenue authorities

We engage cooperatively and constructively to ensure an effective and efficient tax administration. We act with integrity to support positive and sustainable relationships and obtain tax certainty. We have a responsibility to comply fully with the regulations of the jurisdictions in which we operate.

Value is created and preserved through ...

- regular industry engagements on various operational and service delivery issues;
- commitment to the banking accord between BASA and SARS;
- the integrity of our tax data reporting to revenue authorities;
- ensuring the broadening of the tax base through the eradication of corruption, fraud and tax evasion through robust anti-financial crime risk and compliance programmes;
- supporting SARS to transform into a more digitised tax administrator; and
- working closely with revenue authorities during times of crisis.

Society

We embrace our role in society as an active contributor to building a thriving society and can do this only with engaged communities that have the same values. Our tax contributions ensure investment in sustainable infrastructure and critical services.

Value is created and preserved through ...

- building trust through our transparent reporting on the taxes we contribute in the jurisdictions where we operate;
- transforming economies, the environment and society positively through our lending and investment activities, aligned with the SDGs;
- playing a meaningful role in the broader society as a procurer and consumer of goods and services; and
- making a difference through our partnerships and corporate social investment (CSI) activities.

Tax compliance

We are committed to tax compliance in all the jurisdictions in which we operate. We ensure the integrity of all our reported tax data through robust internal control frameworks and our combined assurance methodology.

Read more about our approach to tax governance and risk management on page 112.

We pay our taxes promptly and in accordance with all applicable laws and regulations. We aim to take into account the letter as well as the spirit of the tax laws and regulations. Where tax law is unclear or subject to interpretation, we evaluate whether our position is more likely than not to be upheld and, where appropriate, seek external advice or resolve any uncertainty directly with revenue authorities. We also escalate any uncertain tax positions to senior management and the board for their review and guidance. Following careful consideration and risk evaluation of any tax dispute with revenue authorities, we may seek a resolution through the judicial system to test the legal principle of the tax law concerned or seek to resolve the dispute through the alternative dispute resolution process, provided it is in the best interest of both parties.

We continuously monitor the regulatory landscape to identify and evaluate the potential impact of changes to, or of new tax legislation, on our business operations.

As a financial institution, we are also subject to client tax compliance and reporting obligations, including obligations under the United States (US) Foreign Account Tax Compliance Act (FATCA), the Common Reporting Standard (CRS), and in respect of income earned on financial products, withholding taxes and exchange of information on request from the revenue authorities. Clients' tax positions remain their responsibility. However, we require clients, including high-net-worth clients, to self-certify their worldwide tax obligations as part of our client onboarding processes and ongoing client due diligence processes. In relation to the standardised products we offer, we advise clients of likely tax implications, and in the case of new products, tax implications are discussed and considered carefully at the appropriate governance committees. Some of these products often deliver tax incentives specifically introduced by the government, such as tax-free savings accounts.

Tax evasion and fraud entail taxpayers deliberately misrepresenting or concealing the true state of their affairs to the tax authorities to reduce their tax liability, including dishonest tax reporting (such as under-declaring income, profits or gains, or overstating deductions). Nedbank has a zero-tolerance approach to tax evasion and tax evasion facilitation and has implemented policies and procedures to prevent such conduct by its employees and associated parties. These include having clear roles and responsibilities for preventing, detecting, and responding to tax evasion; providing awareness training; promoting ethical behavior; undertaking risk assessments to identify possible high-risk exposures; and encouraging employees to be vigilant and report any suspicions of tax evasion. Employees are prohibited from any conduct and the giving of any advice to clients, suppliers and 3rd parties in the course or scope of their employment that facilitates, supports or results in tax evasion.

We do not condone, encourage or support tax evasion nor the willful misrepresentation of facts to revenue authorities or independent assurance providers. Compliance with all applicable laws and regulations of the jurisdictions in which we operate is embedded in our Code of Ethics and Conduct, available **here**. Employees (including contract employees) and 3rd parties with whom Nedbank has a business relationship may raise ethical and compliance concerns, anonymously if preferred, through Report-IT. Corrupt and unethical behavior can be reported **here**.

Our approach to tax planning

We believe that tax planning initiatives must be conducted in a responsible and sustainable manner. During such planning due consideration needs to be given to Nedbank's legitimate interests, reputation, brand, and corporate social responsibility.

We have clear procedures regarding tax risk management and carry out risk assessments as part of any tax planning and review of significant business decisions. We do not enter into any aggressive and contrived tax planning structures.

We further believe that our products should not be used by our clients to shelter information from the tax authorities to avoid or evade taxation.

Principles and risk appetite

The board sets the risk appetite for the group. The risk appetite in relation to tax is the level of tolerance for taxation risk in the group.

The underlying principle in setting the taxation risk appetite is that tax planning should support the group's strategy and be aligned with the group's commercial and economic activity.

Taxation risk should be minimised and mitigated, with both the cost versus the benefit of doing so, as well as the financial and reputational impact of a tax planning initiative being considered.

The group applies the following principles to tax planning:

- Zero tolerance for evading any tax liability or facilitating the evasion of any tax liability on behalf of a 3rd party.
- Zero appetite for transactions that have no valid commercial purpose other than obtaining a tax benefit.
- Zero appetite for arrangements where the tax benefit is paid to clients, but the tax risk remains within the group.
- May enter into transactions with significant tax uncertainty only if the commercial benefits clearly exceed the potential cost (ie risk-reward equation). In this context, risk appetite must be guided by the 'more likely than not' principle.
- Low appetite for arrangements that could rebound to the detriment of the group in the event of external disclosure, eg litigation. Accordingly, the group enters only into transactions that can be fully justified if they become public.
- Will not purposefully structure its affairs to shift profits to low-tax jurisdictions or 'tax havens,' and will operate in these jurisdictions only if there are valid business reasons and sufficient commercial substance.
- Will only enter into cross-border transactions with controlled parties on an arm's-length basis.

Tax compliance continued

Incentives

Governments offer tax incentives to support investment, employment or economic development. We seek to ensure that tax incentives are transparent and consistent with statutory and regulatory frameworks before deciding whether to make use of them. We make use of incentives only where they are aligned with our business and operational objectives, and where we have a qualifying business activity.

We continually review our approach to tax incentives to ensure transparency and that unfair tax advantages are not gained. If there is uncertainty about tax incentives, we would seek clarity from relevant authorities to ensure the incentive meets the government's intended policy objectives.

Nedbank has benefited from the following allowances and incentives in terms of the Income Tax Act, 58 of 1962, during the FY 2023 :

Learnership allowances in terms of section 12H, estimated at R58,6m (2022: R46,1m).

Employment tax incentive through participating in the YES Programme, amounting to R7,7m (2022: R9,7m).

Nedbank is now also offering photovoltaic (PV) solar asset finance for clients in support of its sustainability goals and continues to lower its own energy consumption. This asset-finance offering was launched during FY 2022. During FY 2023 a total of 101 deals were approved, with more than R400m of deals financed for commercial clients and more than 450 households financed through MFC solar.

Nedbank will continue pursuing the benefits of energy efficiency allowances offered under the Income Tax Act.

Transfer pricing

In terms of transfer pricing documents, there is a requirement to submit both a master file, with high-level information about global business operations and transfer pricing policies, as well as a local file with detailed transactional transfer pricing documents specific to each country, identifying material related-party transactions, the amounts involved in those transactions, as well as the company's analysis of the transfer pricing determinations that have been made regarding those transactions.

Nedbank adheres to the key principles set out in the base-erosion-and-profit-shifting (BEPS) package and the related regulations put in place by fiscal authorities. In this regard, the group adopted an internal policy that outlines key principles and mandatory requirements with which the business must comply to ensure that transfer pricing methodologies are applied consistently, that the terms of all intergroup dealings are in line with the arm's-length principle, and that contemporaneous transfer pricing documents are maintained. Nedbank has filed a master file, local files, and country-by-country reporting (CbCR) for financial reporting periods up to 31 December 2022. In the section titled 'Economic contribution of taxes paid', more information is provided on Nedbank's tax contribution on a country-by-country basis.

Tax havens

As a matter of principle, we do not purposefully structure our affairs to shift profits to low-tax jurisdictions or 'tax havens' to avoid paying our fair share of taxes. We will operate in these jurisdictions only if there are valid business reasons and sufficient commercial substance. All significant business decisions, such as acquisitions and business restructurings involving low-tax jurisdictions or 'tax havens', must be approved by Nedbank Group Tax before being approved by the appropriate governance structure.

We have banking, asset management, and wealth management businesses in Isle of Man, Guernsey and Jersey that have operated in these jurisdictions for more than 30 years. These operations are fully fledged stand-alone businesses with proper business and economic substance. We have historically operated in these jurisdictions to grow our international footprint and enable our clients to diversify their investments on a global scale.

Tax governance and tax risk management

Nedbank's tax status is reported quarterly to the GAC, which is responsible for monitoring all significant tax matters and key judgements, including compliance with the Nedbank Group Tax Policy.

Board of directors

Group Audit Committee (GAC)

Group Executive Committee

Group CFO

Executive Head: Group Tax | **Cluster CFOs**

Group Tax | **Cluster Executive Committees**

Functions supporting the governance structures

- Finance Forum
- Group Business Services
- Group Enterprisewide Risk Committees
- Steering Committees
- Group Compliance
- Group Internal Audit
- Cluster Enterprisewide Risk Committees

Governance

Oversight

The Nedbank Group Board is ultimately accountable for determining Nedbank Group's tax strategy and approach to tax and, together with the GAC, provides oversight of the tax practices and affairs of the group.

The board holds the CFO accountable for ensuring compliance with the Nedbank Group Tax Policy. To this end, the Finance Forum, which the CFO has established and chairs, supports him in performing his duties to the board. The forum monitors tax compliance and compliance with the Nedbank Group Tax Policy, ensures that taxation risk is managed appropriately throughout the group, and deals with tax matters and key judgements across the group. The forum meets monthly and is represented by the cluster chief financial officers and the Executive Head of Group Tax.

The group's tax risk status is reported quarterly to the GAC, which is responsible for monitoring all significant tax matters and key judgements, including compliance with the Nedbank Group Tax Policy.

The GAC also receives regular updates on changes to the tax landscape. An area of continued focus during the 2023 financial year was managing the outcome of the SARS capital gains tax (CGT) dispute and the value-added tax (VAT) audit for the December 2017 to December 2022 VAT periods.

Policies and control

Our tax strategy and approach to tax are incorporated in the Nedbank Group Tax Policy, which the GAC reviews and approves annually. The policy provides the mandatory minimum principles and standards to manage tax risk across the group, including tax compliance, transaction planning and implementation. The policy applies to all taxes and tax-reporting obligations to relevant fiscal authorities in all jurisdictions in which the group operates.

The Nedbank Group Tax Policy, the Tax Risk Management Framework and associated supporting procedures, standards and guidance documents are subject to periodic review by the Executive Head: Group Tax to ensure that they are updated to reflect any changes in leading practice, tax risk governance and control standards, as well as changes in the organisational structure of Nedbank Group and in the external tax and regulatory environments. No significant changes were made to these documents in the past year, and they were considered fit for purpose.

An annual letter of representation is used to track adherence to the governance structure, processes, and procedures of enterprise risk management, and is an attestation of compliance completed twice a year by all executives in the group, signed by the CRO, CFO and CEO.

An annual questionnaire is also distributed to board members and prescribed officers to determine the related-party transactions and tax compliance of these individuals as required by International Accounting Standard (IAS) 24. These individuals confirm their tax status and standing with the revenue authorities. This is in alignment with King IV and demonstrates that Nedbank and its key representatives exhibit responsible corporate citizenship. These individuals also acknowledge that they pay their fair share of tax and are not party to any aggressive tax-planning transactions.

Tax governance and tax risk management continued

We publish a UK Tax Strategy for our respective businesses in the UK, in compliance with paragraph 22(2) of Schedule 19 to the UK Finance Act 2016. These respective tax strategies are aligned with the group tax strategy and our published approach to tax contained in our relevant Tax Review, and can be found via the links below:

Nedbank CIB London

Nedbank Private Wealth

Nedgroup Investment Advisors (UK)

Ongoing liaison with revenue authorities and other specific tax investigations

Due to the complex and diverse nature of our business, we receive ongoing requests for information from revenue authorities on various tax matters. It's the group's policy to be transparent and proactive in all our interactions with the revenue authorities to ensure we meet all our compliance obligations, and that all information is presented adequately. The status of the more significant requests for information and revenue authority investigations conducted during the financial year are as follows:

Entity	Tax type	Tax year	Nature of query/dispute	Status
Revenue authority queries/disputes closed during FY 2023				
Glenmore Seaside Resorts (Pty) Ltd	Income tax verification	2021	Schedules and information in support of income statement items and adjustments regarding leases in respect of the 2021 tax return.	Audit finalised with no adjustments
Nedbank Eswatini	PAYE audit	2019 and 2020	A letter of findings was issued regarding the treatment relating to study loans, professional subscriptions and long-service awards.	Audit finalised with immaterial adjustments
Nedbank Eswatini	VDP	2020 and 2021	After seeking legal advice, it was established that tax must be withheld on Visa fees. Nedbank Eswatini addressed the issue of non-compliance through the Practice Note on Voluntary Disclosure 2016 of the Eswatini Revenue Service, which included a waiver of penalties and interest. The determined tax liability for the 2020/2021 financial year was SZL500 000.	VDP finalised
Nedbank Limited	Income Tax Audit	Various	SARS audit in respect of the liquidation process that gave rise to a capital loss claimed by Nedbank in its 2017 year of assessment, relating to the liquidation of one of its subsidiaries.	Audit finalised without any tax adjustment
Nedbank Limited	Income Tax Audit	Various	Capital Gains Tax dispute.	Resolved through the Alternative Dispute Resolution process
Nedbank Limited	Notice of enquiry from HM Revenue & Customs (HRMC)	2021	The HRMC issued a compliance check.	Finalised
Nedbank Limited	VDP	2019	The application related to several defaults discovered in Nedbank's 2019 income tax return through the ongoing review process, which takes place on all income tax returns.	VDP agreed and a settlement agreement concluded.
Nedbank Zimbabwe	Intermediated money transfer tax (IMTT)	Various	An IMTT audit was conducted for the period 1 January 2020 to 31 December 2022, with the following findings noted: • Underpayment of IMTT between 13 May and 31 December 2022. • Incorrect application of IMTT caps for the period 13 May to 31 December 2022. • Failure by Nedbank Zimbabwe to withhold IMTT on certain transactions.	Audit finalised with principal interest and penalties settled
Nedbank Zimbabwe	VDP	2023	Nedbank Zimbabwe was delayed in correctly implementing new IMTT caps, resulting in an underpayment of the tax to the Zimbabwe Revenue Authority (ZIMRA) of approximately US$325 000 for the period 1 January to 31 August 2023. Since then, the tax has been collected from affected clients, paid to ZIMRA, and disclosed in terms of the VDP.	VDP finalised
West Road South No 3 (RF) Limited	Income Tax audit	2020 to 2022	An audit inquiry into the overpayment of provisional tax when compared to the tax payable on assessment.	Audit finalised with no adjustments

Tax governance and tax risk management continued

Entity	Tax type	Tax year	Nature of query/dispute	Status
Revenue authority queries/disputes in progress at 31 December 2023				
Nedbank Limited	Compliance with reporting requirements	2020 to 2023	An inquiry related to compliance with the requirements of the CRS and FATCA.	In progress
Nedbank Limited	Employment tax incentive audit	March 2019 to February 2023	SARS started an audit in relation to Nedbank's employment tax incentive claims submitted during the 2019/03 to 2023/02 employment periods. These employment tax incentive claims were in respect of Nedbank's participation in the YES Programme. SARS issued a letter of findings to which Nedbank provided comprehensive responses and mitigating documents.	Awaiting final SARS response
Nedbank Limited	Request for information	2021	Request for information on exchange rate derivatives and impairments.	Awaiting SARS response
Nedbank Limited	Request for correction	2020	A request for correction was submitted to SARS for certain debt-to-equity restructure transactions implemented during the 2020 assessment.	Awaiting SARS response
Nedbank Limited	VAT audit	December 2017 to December 2022	The audit started in May 2022, with some of the key issues being bad debt, imported services, and our VAT apportionment ratios.	In progress
Nedbank Mozambique	VAT and PAYE audit	Various	A draft letter of findings was issued regarding VAT from services provided by Visa and Mastercard, employee tax benefits as a result of interest rates being below the market and withholding taxes on Visa fees.	In progress
Nedbank Namibia	Income tax verification	2022	2022 Income Tax return audit conducted by the Namibia Revenue Agency (NamRa).	In progress
Nedbank Namibia	VAT audit	2023	August 2023 VAT return audit conducted by NamRa.	In progress

Most tax returns submitted for the 2022 year of assessment were subject to verification audits. All these verification audits were finalised with no adjustments made by SARS.
The table above excludes requests for relevant information and material in relation to our clients.

Tax risk management

Risk Framework

Tax risk is managed in the context of Nedbank Group's ERMF and the 3-lines-of-defence (3 LoD) Model, which is the backbone of this framework. In line with this, Nedbank has developed the Tax Risk Management Framework, which incorporates the group's approach to tax and aims to ensure that tax risks are identified, assessed, managed, and reported appropriately and in line with the group's risk frameworks and principles. The Nedbank Group Board and GAC provide oversight of the Tax Risk Management Framework, considering the potential financial, legal, business, and reputational risks of failing to detect and manage tax risks timeously.

Regular and transparent tax reporting is embedded in the governance structures of the group, including the GAC, various board committees, and group and cluster executive committees.

At Nedbank tax risk forms part of one of the 17 main risk categories comprising the enterprisewide risk universe, with the relevant category consisting of accounting, financial, and taxation risk. The group's risk taxonomy describes taxation risk as any event, action or inaction in tax strategy, operations, financial reporting, or compliance that either adversely affects the group's tax objectives or results in an unanticipated or unacceptable level of tax liabilities.

Tax risk can be divided into general risks that most commercial organisations are likely to face, and specific risks linked to the industry in which the group operates, which may arise from the following:

- Non-compliance with tax regulations resulting in penalties, fines, payment of interest or under-provision for tax.
- Incorrect assessment, deduction, and payment of tax liabilities.
- Ineffective tax planning and implementation.
- Inability to engage timeously with revenue authorities and other relevant governmental departments.

Tax governance and tax risk management continued

In terms of the Nedbank Group Tax Policy, the tax implications of all significant business decisions must be evaluated, documented, and approved by Group Tax, and the group must comply with all tax regulations in all the jurisdictions in which it operates. In this regard the group employs highly qualified tax professionals and takes advice from reputable professional firms, when appropriate.

The Group Tax Team is measured against the following key performance indicators (KPIs):

Key Performance Indicators	Achieved by
Level of compliance.	All regulatory submissions and payments met in accordance with both internal and regulatory timelines.
Introduction of technology to enhance and improve the effectiveness and efficiency of operational tax processes.	Execution of the tax digitalisation roadmap and assisting in driving efficient execution.
Maintenance of an acceptable level of operational losses, such as tax penalties and tax interest, within a predetermined accepted-loss tolerance level.	Management of tax penalties and tax interest. Tracking at Nil for 2023.
Feedback from stakeholders, regulators, shareholders, and business.	Enhanced and improved business partnering and engagement with regulators and stakeholders.
Management and resolution of key audit issues and regulatory disputes.	Effective resolution and management of tax disputes and ongoing revenue audits.
Accurate and adequate provision and disclosure of all tax obligations.	Actual tax payable is tracking within 3% of provisions.

The Group Tax Team met all its KPIs during the FY 2023 and Nedbank is fully compliant with all its tax obligations in all the jurisdictions in which it operates.

Nedbank's strategic value unlocks

- Delivering market-leading client experiences (CX)
- Digital leadership (DX)
- Focusing on areas that create value (SPT)
- Driving efficient execution (TOM)
- Creating positive impacts (purpose delivery)

Material tax risks

We operate in a complex and evolving regulatory environment with extensive global scrutiny. Through our risk management processes, we have identified the following key taxation considerations and focus areas:

Transfer pricing

To ensure client centredness, many support functions in the group are centralised, providing support services to subsidiaries in other jurisdictions in the group. The OECD Transfer Pricing Guidelines require that the provider of such services must be remunerated for the services they render on an arm's length basis. We follow the OECD Transfer Pricing Guidelines when developing appropriate transfer pricing policies and documenting our transfer pricing studies for domestic transfer pricing compliance purposes on a fully transparent and commercially validated basis. Revenue authorities and banking regulators pay close attention to how multinational enterprises (MNEs) implement transfer pricing policies to ensure that profits are appropriately allocated to the jurisdictions where the relevant economic activity takes place.

Significant business decisions

All significant business decisions must be evaluated and documented from a tax perspective and approved by Group Tax. As a key component of the evaluation of many complex financial transactions, the accounting treatment may play a critical role in the evaluation of the tax implications. We require internal accounting opinions as part of our Finance and Accounting Risk Policy before we enter into these significant business transactions.

Regulatory compliance

As a financial institution, we are subject to extensive tax reporting and compliance regulations in respect of our clients' tax status and their income earned on financial products, including tax debt collection, criminal investigations, and information requests. The consequences for non-compliance are sanctions, personal liability of clients' tax debt or criminal prosecution. Due to the significant increase in regulations and revenue collection efforts of revenue authorities, we are exposed to significant financial and reputational risk in this regard. We directly, or through the dedicated established BASA work groups, engage regularly with the revenue authorities to manage compliance with these obligations.

Changing tax landscape

We continuously monitor the regulatory landscape to identify and evaluate the potential impact of changes in the interpretation of and application of tax legislation and principles on our business operations.

This is principally informed by new interpretation notes, directives and rulings issued by the revenue authorities, as well as potential changes in the interpretation of specific tax legislation informed by relevant case law, eg the recent judgements by the Supreme Court of Appeal in favour of SARS.

This requires us to continuously evaluate our business structures and processes to assess our compliance with tax legislation, and if necessary, to proactively engage in discussions with relevant industry forums and revenue authorities.

Tax governance and tax risk management continued

Combined assurance

Nedbank has adopted an organisational risk governance structure that reflects the concepts represented in the 3 LoD Model. Taxation risk is managed in this context and assurance is provided by all 3 lines of defence, as well as external audit.

1st of defence – Risk-taking and risk ownership	2nd line of defence – Oversight, monitoring and advisory	3rd line of defence – Independent assurance
• Comprise business line management and client-facing operations and activities. • Has 'ownership' of taxation risk, acknowledging and managing the risk that arises in conducting business activities. • Responsible and accountable for the ongoing management of taxation risks, including identifying, assessing, and reporting these risks and issues, and considering our tax risk appetite and policies, procedures and controls. • Responsible for assessing taxation risks of significant business decisions, tax compliance requirements and the implementation of regulatory changes in respect of the products, services, conduct, activities, processes, and systems for which it is accountable. • Any person in the organisation who has a delegation, deploys resources or makes decisions, is responsible and accountable for managing taxation risk.	• Comprise independent risk management and compliance functions. • The risk management function complements business line risk activities through its oversight, monitoring, advisory, and reporting responsibilities and is sufficiently independent of the business units and not involved in revenue generation. • Responsible for overseeing the risk-taking activities and assessing risks and issues independently from the 1st line of defence. • Responsible for testing internal financial controls. Group Tax acts as a policy-, process-, procedure- and standard-setting function for the 1st line of defence and, at the same time, provides oversight and review to ensure that its requirements are being discharged by the 1st line of defence.	• Comprise an independent and effective internal audit function. • Provides independent detailed testing, review and objective assurance on the quality and effectiveness of the internal control systems, the 1st and 2nd lines of defence and the Risk Governance Framework, including links to the organisational culture, as well as strategic and business planning, compensation and decision-making processes. • Provides independent assurance to the board of directors and senior management on the quality and effectiveness of Nedbank's internal control, risk management and governance systems and processes, thereby helping the board and senior management protect the organisation and its reputation.

Internal and External Audit provide independent assurance on the effectiveness of the management of tax risk across the group. Internal Audit conducts ongoing process audits to examine the adequacy of the internal control environment. External Audit provides assurance on the appropriate compliance and financial frameworks in Nedbank, including recomputing all tax calculations and confirming that there are adequate tax risk provisions held against uncertain tax positions.

Uncertain tax positions (UTP) and controversies

Identification and measurement	Management	Reporting and monitoring
• Significant business decisions. • Tax audits, enquiries and controversies. • Robust risk assessment and discussions. • Consideration of the more-likely-than-not principle.	• Proactive management of UTP • Mitigating controls. • Discussions with revenue authorities. • Consideration of reputational risk. • Ensure adequate provisioning.	• Regular reporting to management. • GAC approval of key judgements.

Due to the complex nature of tax, there may be transactions and calculations for which the ultimate tax treatment is uncertain. If the position is uncertain, appropriate tax provisions will be raised in accordance with the principles as envisaged in IAS 37: Provisions, Contingent Liabilities and Contingent Assets and IFRIC 23: Uncertainty Over Income Tax Treatments, which will affect our current or deferred tax disclosures. As it can take several years to finalise our tax positions adopted in the tax returns that have been submitted to and assessed by the revenue authorities, it is necessary to reflect the risk that the final assessed tax liabilities could differ from the current tax liabilities disclosed in the annual financial statements. UTP are governed by our tax risk management principles as outlined in the table above.

During the year under review, we have successfully managed the outcome of the ongoing VAT audit conducted by SARS in respect of the December 2017 to December 2022 VAT periods. All the relevant information requested in respect of the VAT audit was provided to SARS, and to date, no findings have been raised by SARS.

We also successfully resolved the ongoing CGT dispute with SARS through the alternative dispute resolution process, thereby removing any further tax uncertainty in relation to this specific transaction that was implemented in a prior tax period.

SARS initiated an audit review during the FY 2023 in respect of Nedbank's entitlement to an employment tax incentive allowance for the 2019/03 to 2023/02 employment tax periods. Nedbank claimed an employment tax incentive allowance in respect of its participation in the YES Programme in terms of which youth were employed to provide them with a 1-year work experience opportunity to develop skills and gain meaningful workplace experience, as envisaged by the Government Gazette 41866, 28 August 2018, and Practice Note 1 of 2018 – Youth Employment Service Initiative. SARS issued a letter of findings in November 2023, to which Nedbank has responded comprehensively. SARS subsequently issued a progress report wherein it is indicated that SARS is still reviewing the response to the letter of findings, and that an audit finalisation letter will be issued in due course.

Stakeholder dialogue and advocacy

In line with our tax principles, we engage constructively and cooperatively with revenue authorities and industry bodies in the interests of our stakeholders and support the development of effective and efficient tax systems, laws and administration.

Public policy and advocacy

We participate actively in various industry bodies and forums where we can influence the outcome of revenue authority behaviour, taxpayers' rights, and legislative changes.

The Banking Association of South Africa (BASA), of which Nedbank is a member, is the representative of the banking sector in SA. The BASA Taxation Committee focuses on direct and indirect tax issues and assists in formulating industry positions or motivations for tax reforms in respect of relevant tax legislation. Similar industry bodies are in operation in Nedbank Africa Regions (NAR), and tax developments in all jurisdictions are monitored centrally by Group Tax.

We also have representatives on various other industry and professional forums, such as the CFO Forum Tax Committee, the South African Institute of Chartered Accountants (SAICA) National Tax Committee, and the Association for Savings and Investment South Africa (Asisa) Tax Committee.

During the year under review, we continued to participate in various legislative matters, proposed tax amendments, and technical papers that had the potential to negatively impact our industry and organisation.

We have placed specific focus on the following proposed legislative changes that directly impacted our business:

Preference share funding
We indirectly provide funding to our clients through the subscription in redeemable preference shares issued by our clients. An essential requirement of such funding arrangements is that our clients use these funds for a 'qualifying purpose', as envisaged, to ensure that the dividend income derived from these preference shares retain its nature and therefore remain exempt from tax. The National Treasury wanted to narrow the application of the 'qualifying purpose' test. We actively collaborated via BASA to ensure that the narrowing of the 'ownership requirement' will not negatively impact our preference share business, and therefore ensured that the dividend income retained its nature as tax exempt.

Deposit Insurance Scheme
The SARB has established a separate legal entity, *the Corporation for Deposit Insurance (CODI)* in fulfilling its mandate of protecting and enhancing financial stability by introducing a deposit insurance scheme. Nedbank, like other banks, will have to contribute relevant levies and other charges to the CODI. We have made submissions to ensure that all levies and payments to CODI result in tax and VAT neutrality.

Deductibility of interest (PN 31)
SARS unilaterally decided to withdraw PN 31, which affords taxpayers a tax deduction of expenditure incurred if the trade requirement was not necessarily met, thereby limiting any deduction to the interest income received. The practice note was widely used by taxpayers and holding company structures, and the decision to withdraw the practice note led to significant uncertainty. Through active lobbying, SARS decided to abandon the withdrawal of PN 31 until appropriate legislation is put in place to codify the rules in terms of which expenditure will be allowed as a deduction in circumstances where the trade requirement was not necessarily met.

None of the above-mentioned changes will have any impact on our business from a tax perspective.

Our other engagements

Nedbank supports the Banking Accord signed by SARS and BASA, being a commitment to cooperative tax compliance and open dialogue about tax issues between BASA and SARS. In addition, the accord has established the BASA and SARS Operational Forum to facilitate interaction between SARS and BASA regarding all tax-related operational issues that are relevant to the banking industry and SARS. The SARS Commissioner regularly meets with the chief executive officers of the banking industry.

Nedbank, directly and through BASA, pledged its commitment to facilitating and supporting SARS in the automation of 3rd-party data processes and other SARS IT initiatives.

BASA collaborated with SARS on the following operational issues and initiatives during the year under review:

- Continuous engagement in relation to service delivery improvement at SARS.
- Digitisation of tax compliance and real-time tax data reporting and assessments.
- Continuous engagement in relation to the improvement of the taxpayer debt collection processes through 3rd-party bank accounts.
- Improvements to the process of collecting taxpayer information from banks for purposes of tax audits and criminal investigations.
- The escalating burden and complexities in relation to the compliance obligations of trusts.
- Continuous engagement on the practical implications of the findings of the OECD Peer Review conducted on the automatic exchange of information implementation in SA.

We support the aims of the various OECD domestic tax BEPS initiatives, which entail assisting tax regimes to develop in ways that make the tax system more fair and transparent. Developing countries rely more on corporate income tax, which means they suffer disproportionately from BEPS.

Over 140 countries, including SA, have worked together on the OECD/G20 Inclusive Framework on BEPS (Inclusive Framework) to tackle tax avoidance, improve the coherence of international tax rules, and ensure a more transparent tax environment. The Inclusive Framework has now concluded its work on the 2-pillar solution to

Tax landscape

address the tax challenges arising from the digitisation of the economy. Pillar One aims to expand the taxing rights of market jurisdictions where there is an active and sustained participation of a business in the economy of that jurisdiction. Pillar Two introduces global anti-base-erosion rules to ensure a minimum level of effective taxation to address remaining BEPS concerns. The Pillar One scope excludes financial services industries following the lobbying efforts of the International Banking Federation (IBFed), of which BASA is a member.

Nedbank is a multinational enterprise (MNE) with an annual turnover of more than €750m and will be subject to the Pillar Two model rules, which aim to ensure that the effective tax rate of affected MNEs is at least 15%. Legislation has been enacted in the United Kingdom (UK), and the income inclusion rule (IIR) as well as the 'qualified domestic minimum top of tax' (QDMTT) will become effective in 2024. The Crown Dependencies (Isle of Man, Guernsey, and Jersey) in which we operate have announced the implementation of the IIR and the QDMTT, which will become effective from 2025. In his annual budget speech on 21 February 2024 the Minister of Finance announced that SA will introduce both the IIR and the QDMTT for qualifying MNEs with effect from 1 January 2024. The draft legislation is subject to public input, and comments must be provided by 31 March 2024. Nedbank will use this opportunity to comment on and voice concerns about the proposed draft legislation.

Since Pillar Two legislation has not been effective for the 2023 financial year, Nedbank has no related current tax exposure. Nedbank applies the exception to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Refer to the Group Annual Financial Results disclosure note B8.2.2: International Tax Reform - Pillar Two model rules (amendments to IAS 12).

Local tax landscape

Nedbank has procedures in place to ensure that the group stays abreast of all key changes in the global tax landscape, including relevant changes in interpretation from case law. Recent developments worth noting, and the group's response, are set out on pages 117 and 119.

The Minister of Finance acknowledged that to broaden the tax base, efficient and effective tax administration that builds trust to increase voluntary compliance is the cornerstone of SA's progressive tax system.

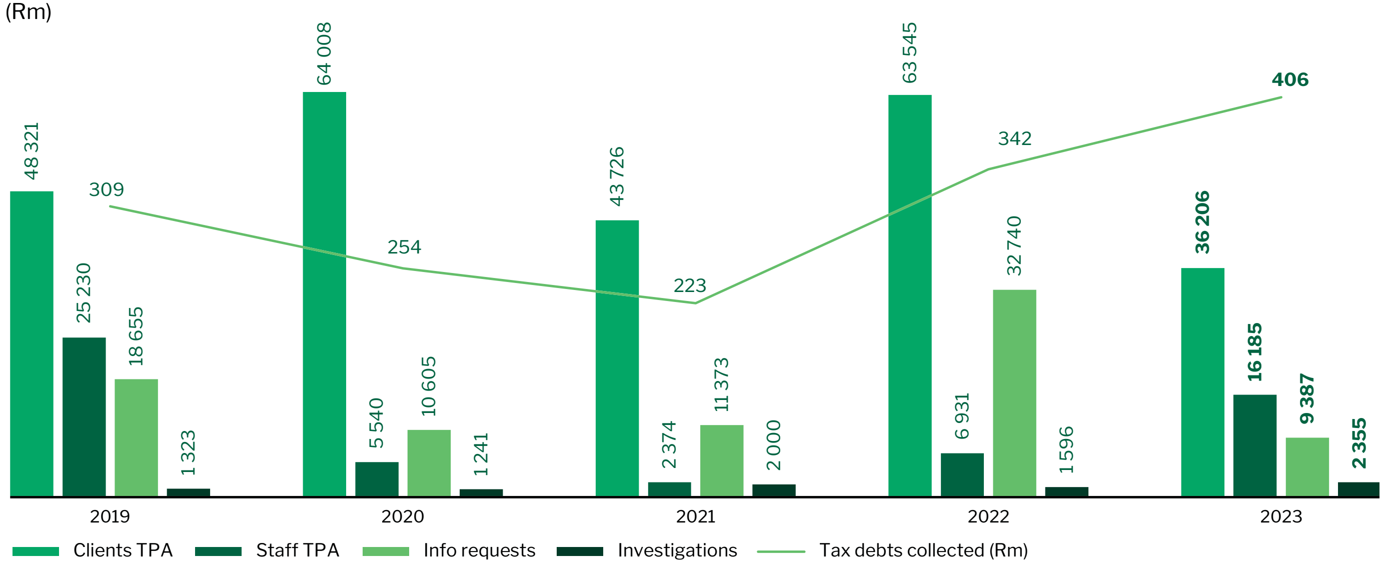
As a result, SARS continues to enhance its service offering as it rebuilds from the period of state capture, ensuring that its systems, officials, and leadership are empowered to improve the taxpayer's experience, increase compliance, and generate additional tax revenue. Over the past 4 years SARS has raised revenue collection by improving debt collection, expanding the tax register, curbing trade valuation fraud, and issuing additional assessments where tax was underdeclared.

Using big data and artificial intelligence, SARS's automated risk engines prevented over R60bn in impermissible refunds during the 2023/2024 fiscal year.

SARS has also taken active steps to strengthen the management of its information communication technology (ICT) systems, rebuild its technical prowess, and harness opportunities arising from information-sharing agreements between national tax authorities. Nedbank, as one of the larger contributors to the fiscus, is committed to assisting SARS with these initiatives and adhering to specific requests for information and special investigations, as well as monitoring and reporting on suspicious refunds. Over the past year we have again received and processed a significant number of 3rd-party tax debt (TPA) collections on behalf of SARS and received special requests for information in respect of SARS investigations pertaining to 3rd parties. The Real Time Balance Enquiry system made available to SARS negated the large number of information requests received in 2022 compared to 2023, as illustrated in the graphs below.

Furthermore, Nedbank will continue to support the Commissioner of SARS with its ICT strategy through constructive participation in relevant forums and modernisation initiatives. Also refer to page 106 for the relevant projects that Nedbank has undertaken from a regulatory and compliance perspective in support of the SARS ICT strategy.

Tax debt collected and remitted to SARS
(Rm)



Tax landscape continued

International tax landscape

As a reporting financial institution, Nedbank must provide client financial information to the relevant regulatory authority in terms of FATCA and the OECD CRS (collectively called the Automatic Exchange of Information or AEOI). Nedbank is compliant with the AEOI regimes in the jurisdictions where it operates, continuously enhances its systems and processes, and trains its people to ensure the integrity of data and our clients' experiences are seamless.

The Mandatory Disclosure Rules (MDR) for CRS Avoidance Arrangements and Opaque Offshore Structures form part of the CRS regulations, introduce additional reporting obligations of affected transactions, and will take effect from 1 March 2024. We have implemented additional controls and procedures to comply with the MDR. Our businesses in the UK and Isle of Man are already compliant with MDR, as legislated in those jurisdictions.

Due to Nedbank's operations in London, the group subscribes to the UK Code of Practice on Taxation for Banks (code), which was introduced on 9 December 2009. The code aims to ensure that banking groups operating in the UK comply with the spirit and the letter of the law when it comes to tax matters.

The table below represents the tax legislation changes affecting the domestic and international landscape, and the proposed changes to tax legislation. Through the relevant industry forums and tax committees we have actively engaged and submitted comments to the regulators to shape the legislation and ensure that there is no adverse impact on our business.

The proposed changes in legislation will not have a material impact on the group or the specific in-country legal entity.

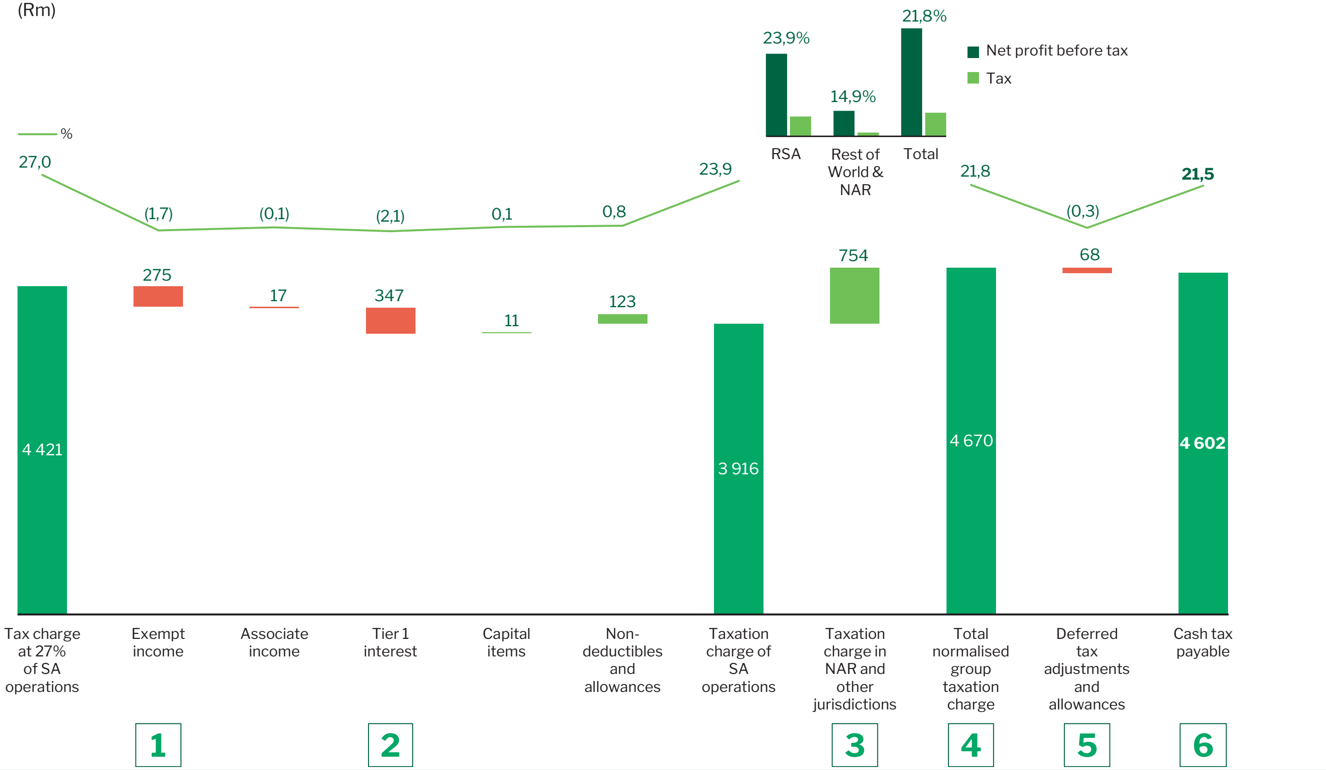
Entity	Tax	Developments
South Africa	Income tax	Tax legislation for insurance companies, with effect from 1 January 2023, due to the implementation of IFRS 17. Refer to Note A4.2 on page 29 of the Nedbank Group Limited Consolidated Annual Financial Statements.
Nedbank Namibia	Income tax	Corporate income tax rate for non-mining companies to be reduced to 31% with effect from 1 April 2024, and further reduced to 30% with effect from 1 April 2025.
	PAYE	The individual income tax threshold for our employees will be increased from N$50 000 to N$100 000 with effect from the 2024/2025 financial year.
Nedbank Private Wealth (Isle of Man)	Income tax	With effect from 1 January 2024 the corporate income tax rate has increased from 10% to 15% for banks that: • are part of groups that are in scope for Pillar Two global minimum tax; and • have an ultimate parent entity located in a jurisdiction that has implemented IIR for the financial year starting on or after 1 January 2024.
Nedbank UK	Income tax	The tax rate increased from 19% to 25% with effect from 1 April 2023. The banking surcharge limit has increased to GBP100m at a rate of 3%. No further change is expected for the 2024 financial year.
	Transfer pricing	The UK has implemented new transfer pricing document requirements for accounting periods beginning on or after 1 April 2023. (Effective for Nedbank for the 2024 financial year.)
Nedbank Zimbabwe	Income tax	Corporate income tax rate increased from 24% to 25% with effect from 1 January 2024.
	Income tax	The digital minimum tax threshold of a minimum corporate tax rate of 15% is to be imposed with effect from 1 January 2024.

Reconciliation of tax charge to cash tax rate

The graph below illustrates the various adjustments made to the tax chargeable at the standard rate of tax on SA profits before tax to achieve the actual taxation charge and effective tax rate of the SA operations.

The actual tax charge of the SA operations is adjusted for tax payable by NAR and other non-SA jurisdictions and then adjusted by actual tax deductions and allowances to achieve the cash tax payable and the group's cash tax effective rate. **This is a normalised tax rate as it excludes non-recurring items such as prior-year adjustments.**

Adjustments from the tax chargeable at the standard rate of tax on SA profits
(Rm)



Reasons for reconciling items and adjustments

Taxation charge of SA operations

1 Exempt income from listed and unlisted ordinary and preference shares.

2 Tax relief in respect of interest paid on Tier 1 capital, which is accounted for in comprehensive income, although the interest paid is accounted for in equity.

Taxation charge in NAR and other jurisdictions

3 The NAR taxation charge consists of the Southern African Development Community (SADC) banking subsidiaries and excludes any tax charge associated with our investment in Ecobank Transnational Incorporated (ETI). The adjustment consists mainly of the effects of the lower tax charge in Nedbank Zimbabwe, Nedbank Namibia, and also includes the tax adjustments of NPW Isle of Man and Nedgroup Investments Isle of Man.

Total group normalised taxation charge

4 The normalised effective taxation charge of the group, excluding the impact of non-recurring items of 1,1%, is 21,8%.

Deferred tax adjustments and allowances

5 The main drivers for the adjustments in deferred tax were because of the origination and reversal of temporary differences in relation to fixed assets, credit impairments, share-based payments, and long-term employee benefits. As in the prior year, there was an increase in the loss allowances relating to impairments due to a migration of credit allowances to stage 3.

Effective cash tax payable

6 At 31 December 2023 the group's effective cash tax rate was 21,5% (2022: 21,2%), calculated by adjusting the total group taxation charge by timing differences and current tax in equity, excluding prior-year adjustments. Refer to Note B8.3 of the Group Annual Financial Statements for a reconciliation and composition of the deferred tax balances. Despite the calculated effective cash tax rate being lower than the effective tax rate, the deferred tax asset increased in the current year. This is due to the cash tax rate excluding non-cash items, for example prior-year adjustments and items adjusted for in equity and other comprehensive income for deferred tax purposes.

Effective taxation rate

A detailed reconciliation between the statutory tax rate and the effective tax rate on adjusted headline earnings (HE), and the International Financial Reporting Standards (IFRS) is provided below.

Effective taxation rate

	2023 %	2023 Rm	2022 %	2022 Rm	2021 %	2021 Rm
Standard rate of SA normal taxation	27,0		28,0		28,0	
Dividend income	(1,3)	**(1 017)**	(1,0)	(725)	(1,3)	(737)
Share of profits of associate companies	(1,8)	**(1 443)**	(1,3)	(879)	(1,3)	(799)
Capital items	0,1	**42**	(0,7)	(540)	(0,1)	(27)
Effects of profits taxed in different jurisdictions	(1,1)	**(817)**	(1,5)	(1 021)	(0,6)	(380)
Additional tier 1 capital instruments	(1,6)	**(1 285)**	(1,3)	(871)	(1,2)	(737)
Assessed losses not subject to deferred tax and special allowances	(0,2)	**(205)**	(0,2)	(113)	(0,3)	(232)
Non-deductible expenses	0,5	**385**	0,7	488	0,6	356
Prior-year adjustments	(1,1)	**(238)**	(0,7)	(151)	0,4	76
Tax rate change			0,1	23	–	–
Effective taxation rate on headline earnings	20,5		22,1		24,2	
Impairment of non-financial instruments and other gains and losses	0,2	**205**	(0,2)	(176)	0,4	295
Effective taxation rate on IFRS	20,7		21,9		24,6	

HE effective tax rate

The HE effective tax rate is the adjusted tax charge as a percentage of the group's HE. HE is defined as the profit attributable to equity holders of the parent, excluding specific separately identifiable remeasurement, net of related tax and controlling interest.

IFRS effective tax rate

The IFRS effective tax rate is the direct income tax charge as a percentage of the group's profits before tax.

Refer to note B8.2.2 on page 52 of the Nedbank Group Limited Consolidated Annual Financial Statements for the year ending 31 December 2023 for more detail.

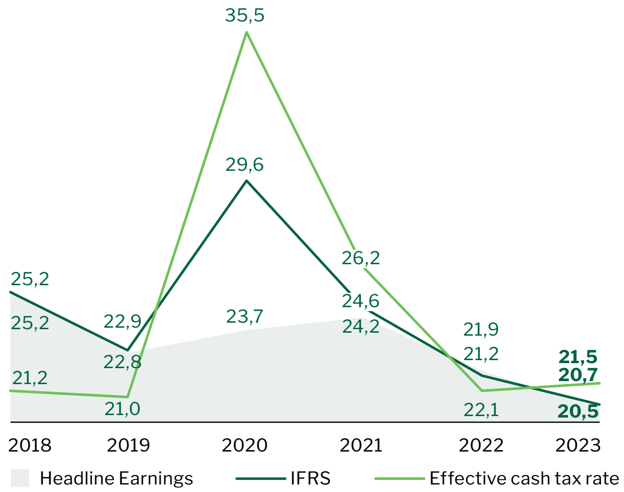
The effective tax rate has declined from 21,9% in 2022 to 20,7% in 2023, with the main drivers being the following:

- An increase in exempt dividends received on investments held by Nedbank Corporate and Investment Banking (CIB) and Nedbank Wealth.
- An increase in additional Tier 1 capital and associated interest payments.

Refer to Note B5 on page 43 of the Nedbank Group Limited Consolidated Annual Financial Statements).

- An increase in associate income from our investment in ETI, which is taxed in its own right.
- The effect of prior-year adjustments because of the resolution of the capital gains tax dispute with SARS.

Effective tax rate and cash tax rate history



The graph above depicts the 6-year historical analysis of the effective cash tax rate and the effective tax rate on an HE and IFRS basis for the group.

The increase in the IFRS effective tax rate in the FY 2020 was due to the following:

- Impairments of goodwill in the Wealth cluster.
- Impairments of our investment in ETI.
- Devaluations of our capital investments due to poor market conditions experienced because of Covid-19.

Effective cash tax rate

In addition to the effects above, the effective cash tax rate in 2020 was further impacted by the higher levels of credit impairments during Covid 19. Tax relief is only granted based on the relevant stage of the credit impairment: stage 1 (25%), stage 2 (40%) and stage 3 (85%). The decrease in the effective cash tax rate in 2021 is reflective of the corresponding normalisation in credit impairments post Covid-19.

Tax numbers and performance

The graphic below reflects our organisational structure, comprising 4 main business clusters through which we deliver our products and services, and includes the contributed direct and indirect taxation charges.

Tax contribution

Cluster | Products and services | Key tax focus areas

Direct taxation charge (Rm) | Indirect taxation charge (Rm)

Nedbank Corporate and Investment Banking

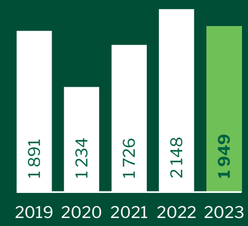
Products and services

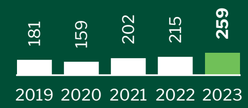
- Investment banking and corporate lending.
- Global markets and treasury.
- Commercial-property finance.
- Deposit-taking and transactional banking.

NEDBANK CIB

Key tax focus areas

- Fair value adjustments of financial assets.
- Preference share funding and deemed dividend considerations.
- Tax alignment in commercial property and renewable energy financing.
- Impairment and credit loss charges on financial instruments.
- Foreign operations.
- Transactional taxes (VAT).





Nedbank Retail and Business Banking

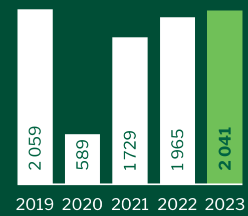
Products and services

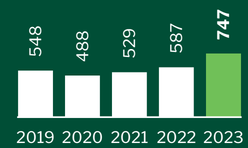
- Transactional banking.
- Card and payment solutions.
- Lending and deposit-taking.
- Investment products.
- Beyond Banking solutions.

MFC A division of NEDBANK
NEDBANK

Key tax focus areas

- Impairment and credit loss charges on financial instruments.
- Transactional taxes (VAT).





Nedbank Wealth

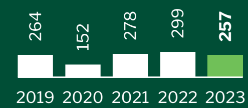
Products and services

- High-net-worth banking.
- Wealth management.
- Asset management.
- Insurance.

NEDBANK PRIVATE WEALTH SINCE 1834
NEDGROUP INVESTMENTS
NEDBANK INSURANCE

Key tax focus areas

- IFRS 17 and tax transitional arrangements in short- and long-term insurance operations.
- Asset management.
- Wealth management.



Nedbank Africa Regions

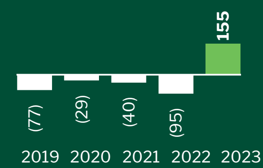
Products and services

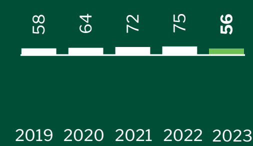
- Transactional banking.
- Lending, deposit-taking and card products.
- Wealth management.

NEDBANK
Ecobank

Key tax focus areas

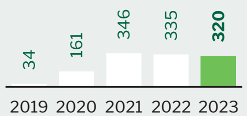
- Transfer pricing.
- Cross-border VAT and withholding taxes.
- In-country tax application.

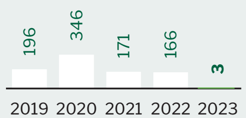




Centre The group's frontline business clusters are supported by various shared services functions, including compliance, finance, tax, HR, marketing and corporate affairs, risk, technology and strategy, as well as sustainability, that make up the balance of the tax contributions.

- Share-based payments.
- Tier 1 interest payments.





The total direct taxation charge split between the Clusters includes the taxation offset associated with the internal funding.
The Nedbank African Regions (NAR) taxation charge consist of SADC banking subsidiaries and excludes any taxation charge associated with our investment in ETI.

Economic contribution of taxes paid

This section of the report outlines how the Nedbank Group aims to fulfil its purpose by using its financial expertise to do good by creating value for society. The group has prioritised 9 of the 17 SDGs where we believe we have the greatest ability to deliver meaningful impact through innovation in our banking products, lending, and investment practices.

The details of the group's commitment to driving sustainable development are contained in the 2023 Nedbank Society Report.

Nedbank Group Board Chairperson Daniel Mminele has the following to say:

> 'As we charted a sustainable future in an interconnected world in 2023, the boundaries between environmental, social, and economic systems became increasingly blurred, highlighting both the need for institutions like Nedbank to acknowledge that they are an integral part of this nested and highly interdependent system, and the need to develop strategies that consciously address the broader context in which we operate.'

The recent World Economic Forum and the 2024 Global Risks Report highlight the need to address carbon emissions at a global scale, with the next decade predicted to be a period of significant change that will stretch our adaptive capacity to the limit. At the Conference of the Parties (COP) 28 the global community took decisive steps towards a more sustainable future. The United Arab Emirates (UAE) Consensus, which emerged from the summit, calls for a global transition away from fossil fuels towards cleaner energy sources. This transition must be equitable and just, recognising the varying circumstances and unique challenges of each country. As a signatory to these outcomes, SA is not only in support of, but also an active participant in this vital journey towards net zero by 2050. This ambitious path is marked by a near-term pivot away from fossil fuels, aligning with the global mandate to triple renewable energy capacity and double energy efficiency by 2030. It will be important to ensure that all government, private sector, and civil society actions are aligned in support of the Just Transition, although there are some policies that seem to conflict with net-zero commitments and Just Transition pathways, resulting in unnecessary confusion and delayed progress.

In SA our reliance on fossil fuels presents both a significant challenge and a profound opportunity. Our country's commitments, in the broader African context, require both bespoke solutions and dedicated, collaborative efforts. Recognising that the shift away from fossil fuels must take into account the socioeconomic fabric of our society, we are committed to doing our part in a Just Transition. This encompasses not only environmental imperatives and decarbonisation but also socioeconomic dimensions, including job creation, health, and meaningful financial inclusion, and access that work to lift people out of poverty and instill hope. It is a transition that must be inclusive, leaving no member of our society behind. Of course, this transition is a complex process that involves rethinking and reshaping entire industries, livelihoods, and communities.

In this era of transition, banks have a renewed mandate to be the effective engines of inclusive economic growth and stability. As a bank that operates at the heart of Africa's economy, Nedbank is cognisant of the role it must play. For us this means that our role must evolve beyond traditional banking, leveraging our financial acumen and influence to drive sustainable development. To this end, we are committed to being a force for good in our own right by working with our clients – many of whom are among SA's largest organisations towards more sustainable practices. This commitment is reinforced by our Energy Policy, which delineates our approach to financing energy projects, and by our recent Nature Position Statement, which underlines our pledge to safeguard biodiversity and nature.

Our dedication to sustainable development is reflected in our ambition to allocate at least 20% of our gross loans and advances towards supporting sustainable development finance that is aligned with the SDGs by 2025.

Daniel Mminele

Nedbank Group Board Chairperson

Our approach to tax, as set out in this report, demonstrates our commitment to advancing the achievement of the UN SDGs, which we have adopted as a framework for measuring delivery on our purpose.

These SDGs guide our climate change response.

Through tax, we contribute as follows:

Our tax contributions of R13 228m for 2023 (2022: restated at R11 569) in the various countries, are used for building critical infrastructure to ensure water security and clean energy sources.

- We support the provision of sustainable development finance by aligning tax to the business processes, to ensure all the tax implications are considered.
- We pay no carbon tax due to our zero-carbon footprint and therefore suffer negligible environmental taxes and levies. These taxes were not included in our economic contribution of taxes.
- Our contribution to the General Fuel Levy, which increased due to the doubling of our diesel consumption in our electricity generators in 2023, was 0,064% of our total tax contribution (2022: 0,043%).

Our fossil fuel consumption is included in our 2023 Climate Report.

Economic contribution of taxes paid continued

Our economic contribution

Today, Nedbank Group is one of the largest financial services groups in Africa, offering wholesale and retail banking, insurance, asset management and wealth management services and solutions to over 7 million clients. **In SA, Nedbank has a strong franchise that contributes approximately 90% of the group's R1,3tn in assets and approximately 80% of the group's R15,7bn headline earnings.**

Outside SA we operate in 5 countries in SADC through subsidiary banks in Lesotho, Mozambique, Namibia, Eswatini and Zimbabwe. In central and west Africa, we have a strategic alliance with ETI, and a representative office in Kenya. Outside Africa we have a presence in key global financial centres to provide international financial services for Africa-based multinational and high-net-worth clients in the Isle of Man, Jersey and London, and we have a representative office in Dubai.

We recognise that we have a responsibility to not only be good with money, but to do good with money as well. Our core purpose as a bank is therefore to use our financial expertise to do good for individuals, families, businesses and society in the countries in which we operate. By seeing money differently in this way, we are confident that we will achieve our vision of being Africa's most-admired financial services provider.

The world faces massive economic, social, and environmental challenges as a result of steady growth in the population and growing levels of consumption and climate change, with challenges ranging from unemployment and income inequality to an increasing disease burden, as well as food and water deficiencies.

Against this background we recognise that the tax we pay is vital to the economic and social development of the countries in which we operate, and that we have a responsibility to comply fully with the regulations in these countries.

This section of the report sets out the group's total economic contribution for the FY 2023 compared with the total economic contribution for prior years.

Types of taxes

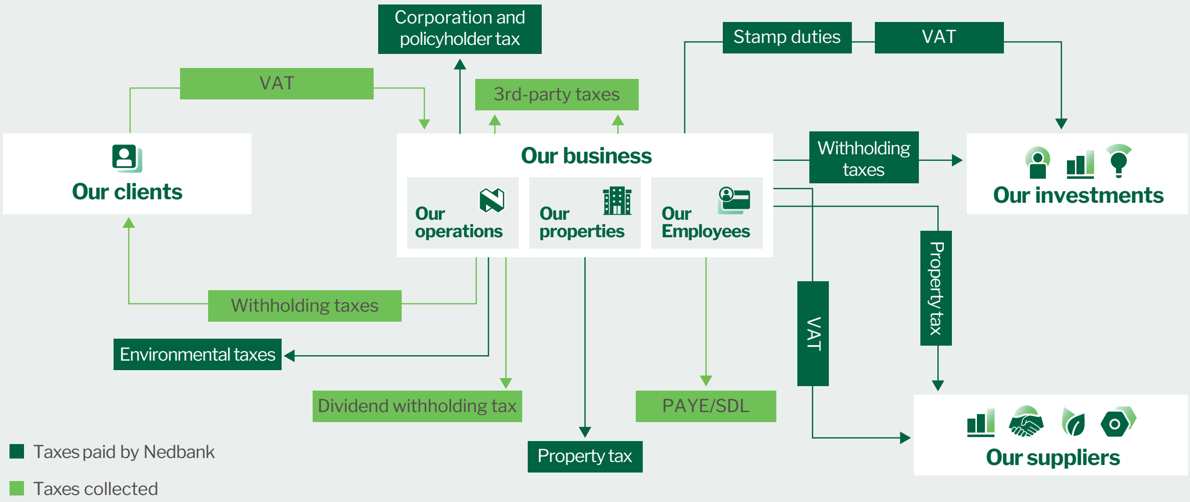
Tax consists of more of than just a tax charge on a company's profits. Besides the tax that we pay on the profits that we generate, we pay and collect taxes through our business cycles from our business activities.

Taxes contributed to the revenue authorities can be categorised as follows:

- Nedbank Group's direct cash tax contribution in each country, consisting mostly of tax on profits, securities transfer tax (STT), as well as withholding taxes on dividends, management fees and interest received.
- Cash taxes collected by the group on behalf of revenue authorities, including pay-as-you-earn (PAYE), skills development levies (SDLs) and Unemployment Insurance Fund (UIF) contributions, which would not have been collected if the group had not employed people.
- Consumption taxes and VAT that the group collected on behalf of revenue authorities, and that would not have been collected had the group not offered financial services or financial products to the clients responsible for paying the relevant tax, or had the group not procured from its supplier's goods and services on which these taxes are due. Being a bank, we can claim back only a relatively small proportion of the VAT we have incurred, resulting in a significant cost that we absorb.
- Taxes paid to other spheres of government, excluding taxes raised by revenue authorities in line with the country's direct-taxation regime, such as rates and taxes and levies.
- Dividend tax withheld from shareholders liable for the tax and paid to the revenue authority as a result of the group declaring interim and final dividends to shareholders every year. Had the group not generated profits, it would not have had to pay dividends to shareholders. The 2023 full-year dividend amounted to 1 893 cents per share.
- Tax debt of 3rd parties that the group collected on behalf of revenue authorities.

Our tax value chain

We pay taxes at different points in our value chain. Both the value chain and the value creation within the value chain are the basis for paying taxes. To illustrate the tax footprint of our business, the diagram below reflects our value chain and the main instances in which taxation occurs.



Economic contribution of taxes paid continued

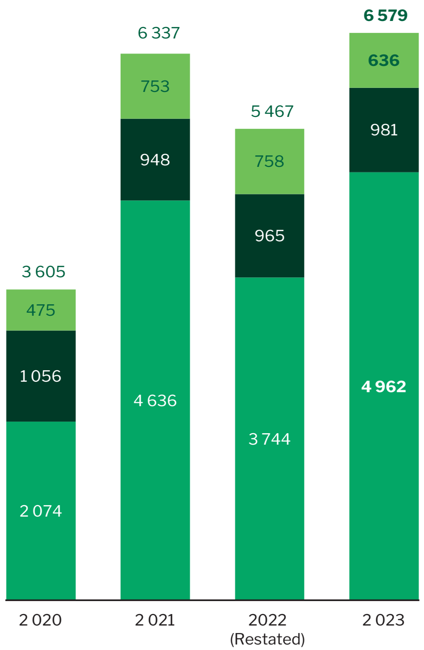
Delivering value through our tax contributions

The taxes we pay and collect are a key source of revenue to Government finances and contribute to the upliftment and sustainability of the societies in which we operate.

The graph below represents our total tax contribution for 2023 of R13 228m (of which R6 579m represents taxes contributed by the group and R6 649m represents taxes collected by the group) compared with R11 560m in 2022 (of which R5 467m represents taxes contributed by the group and R6 093m represents taxes collected by the group). The 2023 corporate income tax paid by Nedbank increased to R4,9bn (2022: R3,7bn), mainly due to higher profits within the group.

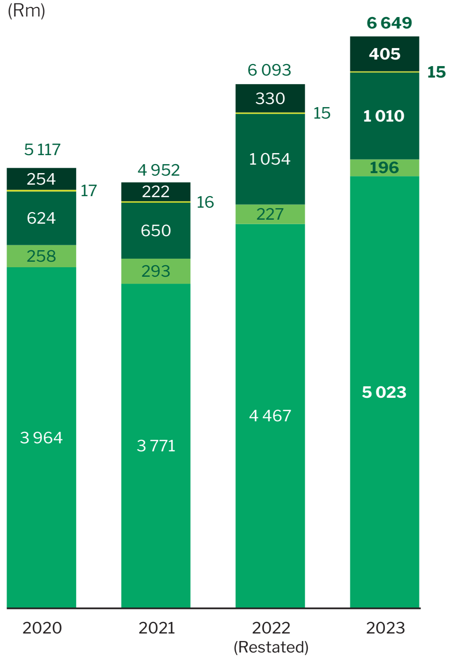
The taxes paid represent the actual taxes paid by Nedbank during the particular year and include 3rd provisional tax payments in respect of a prior year. The taxes paid in 2021 include an amount of R411m in respect of the 2020 tax year, and 2023 includes an amount of R399m in respect of the 2022 tax year.

Taxes paid by Nedbank
(Rm)



STT stamp duty and property taxes
VAT
Corporate income tax

Taxes collected on behalf of revenue authorities
(Rm)



3rd-party appointments and collections
Income tax paid on behalf of policyholders
Witholding taxes
VAT paid
Payroll taxes

Economic contribution of taxes paid continued

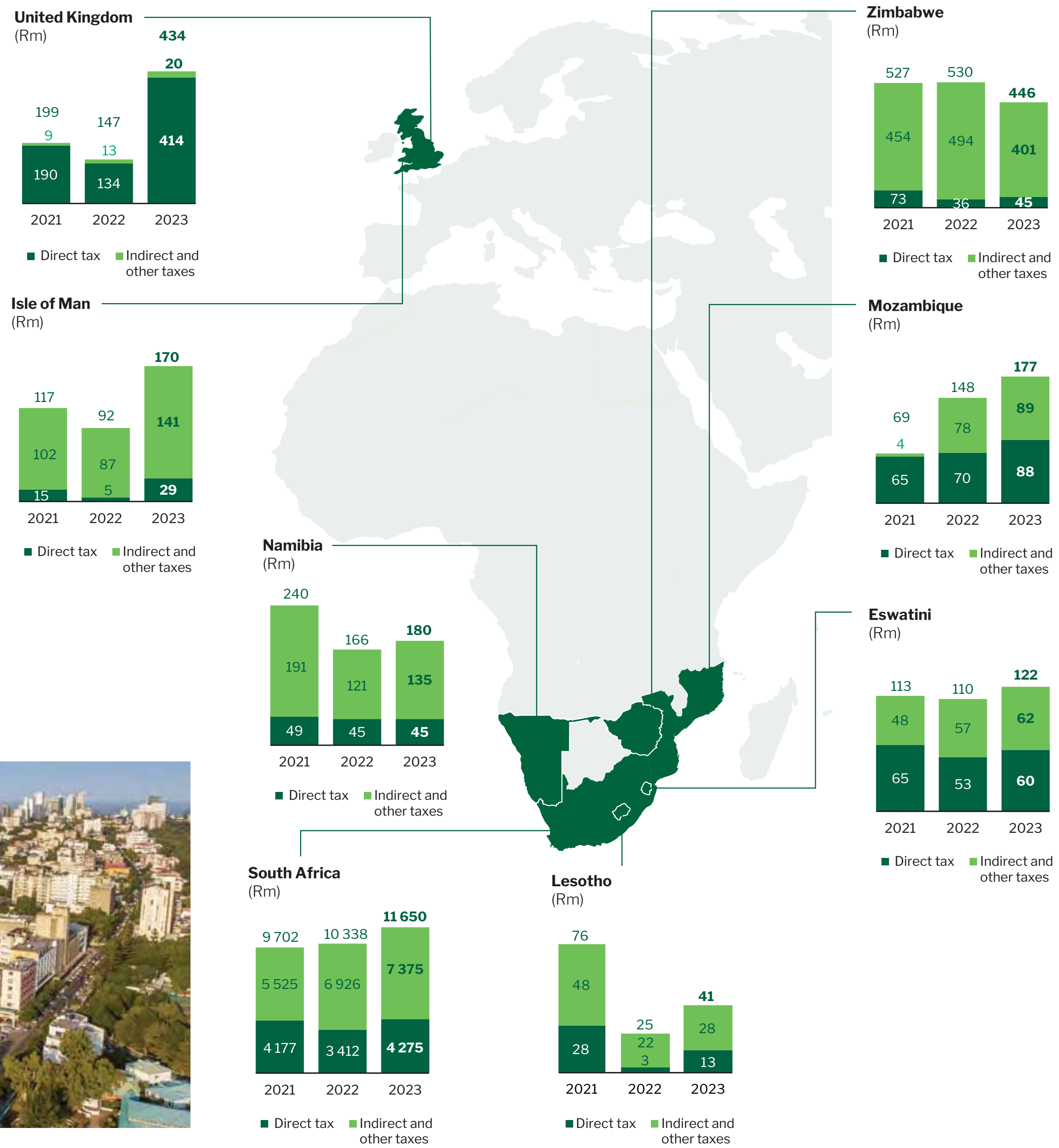
Our tax contributions to governments where we operate

The graphs alongside show the geographical split of the taxes that we pay in each tax jurisdiction where we operate. The total tax contribution of R13 228m in 2023 is split between direct taxes of R4 962m and indirect and other taxes of R8 266m, compared to a total tax contribution of R11 560m in 2022 split between direct taxes of R3 744m and indirect and other taxes of R7 816m. Direct taxes include only corporate taxes paid and indirect taxes include all other taxes that we withheld or collected and paid to the relevant revenue authorities. The graphic on the right does not include the taxes paid in Mauritius as this amount is immaterial for the group.

The SA operations contributed 88% of the total group's tax contribution, which is in line with the contribution in the prior year. The number of employees in South Africa is 22 483, with their total renumeration amounting to R19 239m.

The section below provides the tax contribution for operations outside SA, as well as a country analysis for each country.

Refer to the individual country analysis in respect of the 'rest of world' tax contribution on the pages that follow.



Individual country analysis

Namibia

Total tax contribution: **R180m**
Employees: **743**
Tangible assets: **R828m**

Name of resident entities

- NedCapital Investment Holdings (Pty) Ltd
- NedNamibia Holdings Ltd
- Nedbank Namibia Ltd
- NedCapital Namibia (Pty) Ltd
- NedNamibia Life Assurance Co Pty Ltd
- NedPlan Insurance Brokers Namibia (Pty) Ltd
- Walvis Bay Land Syndicate (Pty) Ltd
- Ten Kaiser Wilhelm Strauss (Pty) Ltd
- NedLoans (Pty) Ltd
- CBN Nominees (Pty) Ltd

Business activity

Nedbank Namibia is a Namibian registered commercial bank, providing a wide range of wholesale (including corporate and investment banking) and retail (including private and business banking) banking services, as well as insurance, asset management and wealth management solutions.

The business activities of other Namibian subsidiaries include the provision of life insurance services, property investment and custodial services.

Employee remuneration

R412 501 073

Tax overview

We paid R45m in corporate income taxes and R135m of indirect taxes, compared to a total tax contribution of R166m in 2022.

The effective corporate income tax rate of 11,39% on our consolidated operations was lower than the statutory tax rate of 32% because the return on investments from corporate funds and the return on investments outside of Namibia are not taxable. In addition, only 40% of NedNamibia Life Assurance Company's investment income is taxable at the statutory rate of 32%.

Zimbabwe

Total tax contribution: **R446m**
Employees: **311**
Tangible assets: **R197m**

Name of resident entities

Nedbank Zimbabwe Limited

Business activity

Nedbank Zimbabwe Limited offers a full range of commercial and consumer banking products and services. These services are offered under dedicated functional areas, namely, Corporate and Institutional Banking, Treasury, and Sales and Origination.

Employee remuneration

R169 169 151

Tax overview

We paid R45m corporate income taxes, R111m of indirect taxes and state taxes of R290m, compared to a total tax contribution of R530m in 2022.

The effective corporate income tax rate of 7,44% on our operations was lower than the statutory tax rate of 24,72%. This is primarily due to the unrealised foreign exchange gain on a USD investment being considered capital in nature and therefore exempt from tax.

Lesotho

Total tax contribution: **R41m**
Employees: **277**
Tangible assets: **R96m**

Name of resident entities

Nedbank Lesotho Limited

Business activity

The main services constitute financial services banking activities, providing banking services to retail, SME, and corporate clients.

Employee remuneration

R100 036 363

Tax overview

We paid R13m in corporate income taxes and R28m indirect taxes, compared to a total tax contribution of R25m in 2022.

The effective corporate income tax rate of 23,63% on our operations was marginally lower than the statutory tax rate of 25% due to exempt receipts.

Individual country analysis continued

Mozambique

Total tax contribution: **R177m**
Employees: **462**
Tangible assets: **R243m**

Name of resident entities
Nedbank Mozambique, SA (previously Banco Único)

Business activity
The main services offered constitute financial services banking activities.

Employee remuneration
R349 897 082

Tax overview
We paid R88m of corporate income taxes and R89m indirect taxes compared to a total tax contribution of R148m in 2022.

The effective corporate income tax rate of 29,59% on our operations was lower than the statutory tax rate of 32%. The difference is due to the use of tax assets arising from prior-year tax losses, which enabled us to recognise mainly tax on income at the liberatory rate of 20% this year.

United Kingdom

Total tax contribution: **R434m**
Employees: **39**
Tangible assets: **R104m**

Name of resident entities
- Nedgroup Investment Advisors (Pty) Ltd
- NBSA Limited
- Nedbank London Branch

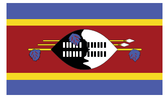
Business activity
The main services constitute financial services banking activities.

Employee remuneration
R299 450 214

Tax overview
We paid R414m of corporate income taxes and R20m indirect taxes compared to a total tax contribution of R147m in 2022.

The effective corporate income tax rate of 23,5% on our operations was aligned with the weighted statutory tax rate of 23,5%. The UK corporate tax rate increased from 19% to 25%, effective from 1 April 2023 resulting in the increase of direct tax paid in 2023.

Eswatini



Total tax contribution: **R122m**
Employees: **324**
Tangible assets: **R152m**

Name of resident entities
Nedbank Eswatini Limited

Business activity
The main services offered constitute financial services banking activities.

Employee remuneration
R 144 804 629

Tax overview
We paid R60m of corporate income taxes and R62m indirect taxes compared to a total tax contribution of R110m in 2022.

The effective corporate income tax rate of 26,7% on our operations was lower than the statutory tax rate of 27,5% due to non-taxable interest income.

Isle of Man

Total tax contribution: **R170m**
Employees: **188**
Tangible assets: **R5 063m**

Name of resident entities
- Nedgroup Insurance Company Ltd
- Nedbank Private Wealth Ltd
- Nedgroup Investments (IOM) Ltd
- Nedgroup International Holdings Ltd

Business activity
The main services offered are wealth-related financial services, including investment advisory and administration services.

Employee remuneration
R593 451 814

Tax overview
We paid R29m of corporate income taxes and R141m indirect taxes compared to a total tax contribution of R92m in 2022.

The effective corporate income tax rate of 6,59% on our operations was in line with the statutory tax rate of between 0% and 10%.

Individual country analysis continued

Ecobank Transnational Incorporated

Business activity

Nedbank and ETI established a strategic banking alliance in 2008. In 2014 the strategic partnership was strengthened when Nedbank acquired a shareholding of 21,2% in ETI, enabling a unique 1-bank experience for our clients in 33 African countries across the largest banking network in central and west Africa.

ETI is the leading pan-African bank and has a larger continental footprint than any other bank in the world.

Tax overview

The associate income of ETI represents the profit after tax for the period 1 October 2022 to 30 September 2023.

ETI paid US$136m in corporate taxes compared to US$122m in 2022.

The income tax rate applicable to the majority of the income of the ETI subsidiaries ranged from 25% to 45%.

Country-by-Country Reporting definitions

Revenue
Represents all revenue, gains, income, or other inflows as reflected in the AFS, and is split between unrelated and related-party revenue.

Profit/(loss) before tax
Represents all the entity's profits, without the consideration of any taxes.

Income tax paid
Represents amounts of taxes actually paid during the reporting fiscal year, including payments made in respect of prior-year tax obligations.

Income tax accrued
Represents amounts of accrued current tax expense recorded on taxable profits or losses in the reporting fiscal year, irrespective of whether the tax has been paid.

Stated capital
Represents an amount equal to the cash consideration received by an entity in exchange for the issue of shares.

Accumulated earnings
Represents the retained earnings of an entity and is the accumulated net income that is retained by the entity at a particular point of time, such as at the end of the reporting period.

Tangible assets
Represents an asset that has a physical substance.

Related-party receivables/payables
Represents current accounts, deposits, derivatives, and loan funding. The interest rates are consistent with the pricing of funding and deposits with independent 3rd parties.

Headcount
Represents the number of people employed by an entity at a given time, excluding contract workers, temporary employees, and contingent employees.

Individual country analysis continued

The tables and information below reflect the CbCR information and are based on CbCR requirements of the Global Reporting Initiative's Sustainability Reporting Standard on Tax. The CbCR information has been prepared on an entity standalone basis at a jurisdiction level and the amounts will not agree to the consolidated Nedbank Group AFS numbers. The individual country reports in the tax overview section above provide an explanation of the movement in the tax cash contribution as well as an explanation for the difference between the in-country effective tax rate and the statutory tax rate applicable to that jurisdiction. The CbCR report for the 2023 financial year has not been submitted to SARS yet and is only due on or before 31 December 2024.

Pro-forma CbCR for Nedbank Group at 31 December 2023

Tax jurisdiction	Unrelated-party revenue R'000	Related-party revenue R'000	Total revenue R'000	Profit (loss) before tax R'000	Income tax paid (on cash basis) R'000	Income tax accrued – current year R'000	Stated capital R'000	Accumulated earnings R'000	Tangible assets other than cash and cash equivalents R'000	Related-party receivables R'000	Related-party payables rR000	Net related-party receivable/ (payable) R'000	Headcount
South Africa	100 199 149	5 832 258	106 031 407	34 816 370	4 274 622	3 656 172	42 906 952	72 168 427	56 226 793	149 636 553	151 630 876	(1 994 323)	22 483
England and Wales	10 293 521	428 274	10 721 795	1 914 072	413 652	448 993	1 800 746	4 324 363	103 977	33 165 102	38 610 529	(5 445 427)	39
Guernsey								(14 225)					
Isle of Man	2 334 464	112 521	2 446 984	609 952	28 916	40 203	6 760 715	796 404	5 063 357	2 121 836	115 964	2 005 872	188
Lesotho	421 815	122 417	544 231	99 050	13 282	23 404	20 000	632 697	95 823	1 545 163	137 246	1 407 917	277
Mauritius		330	330	(994)		1	131 925	(102 545)	123 637	5 836		5 836	1
Mozambique	1 327 471		1 327 471	288 038	87 571	85 233	562 758	439 864	242 631	5 388	16 027	(10 639)	462
Namibia	2 123 339	427 704	2 551 044	519 783	45 074	59 221	194 523	2 991 893	828 115	4 381 664	1 151 401	3 230 263	743
Eswatini	804 881	42 373	847 254	252 527	60 351	67 417	22 375	574 250	152 300	489 980	365 402	124 578	324
Zimbabwe	1 205 023	49 952	1 254 975	840 568	45 202	62 578	740 842	2 015 971	197 214	684 680	8 757	675 923	311
Total	**118 709 663**	**7 015 829**	**125 725 491**	**39 339 366**	**4 968 670**	**4 443 222**	**53 140 836**	**83 827 099**	**63 033 847**	**192 036 202**	**192 036 202**	**0**	**24 828**

- *Stated Capital decreased in South Africa in the current year as a result of the share buy-back in Nedbank Group Limited.*
- *The Nedbank Zimbabwe numbers are reflected before hyperinflation adjustments.*

Submitted CbCR for Nedbank Group at 31 December 2022

Tax jurisdiction	Unrelated–party revenue R'000	Related-party revenue R'000	Total revenue R'000	Profit (loss) before tax R'000	Income tax paid (on cash basis) R'000	Income tax accrued – current year R'000	Stated capital R'000	Accumulated earnings R'000	Tangible assets other than cash and cash equivalents R'000	Related–party receivables R'000	Related–party payables R'000	Net related-party receivable/ (payable) R'000	Headcount
South Africa	80 613 756	5 473 072	86 086 829	25 168 737	3 403 636	3 930 967	48 342 102	66 838 112	54 840 762	129 949 907	131 089 763	(1 139 856)	22 799
England and Wales	5 291 950	221 096	5 513 047	1 379 156	131 544	322 266	1 800 746	3 962 540	109 288	34 219 280	39 599 722	(5 380 442)	40
Guernsey	61 353		61 353	(93 883)		1 280		(14 229)					
Isle of Man	1 189 935	69 939	1 259 874	709 594	4 989	22 241	6 760 715	584 350	5 033 046	2 121 644	105 379	2 016 265	184
Lesotho	336 436	58 249	394 685	61 311	2 855	9 384	20 000	583 499	116 587	759 670	95 421	664 249	277
Mauritius	3 243	404	3 646	(9 826)			131 925	(102 380)	123 637	6 132		6 132	3
Mozambique	986 897		986 897	165 047	70 291	34 860	562 758	316 770	260 773		28 009	(28 009)	551
Namibia	1 736 783	359 128	2 095 911	318 556	44 536	44 502	219 523	2 610 310	1 023 206	4 790 157	1 997 901	2 792 256	722
Eswatini	642 486	29 111	671 597	202 567	52 964	46 091	22 375	525 306	134 338	478 213	170 993	307 220	306
Zimbabwe	1 513 024	9 991	1 523 015	902 953	36 156	40 237	354 425	1 541 047	119 889	774 957	12 772	762 185	293
Total	**92 375 863**	**6 220 990**	**98 596 854**	**28 804 212**	**3 746 971**	**4 451 828**	**58 214 569**	**76 845 325**	**61 761 526**	**173 099 960**	**173 099 960**	**0**	**25 175**

Related party receivables and payables in SA were previously disclosed including inter-divisional amounts. This has been amended to exclude the interdivisional amounts in 2023.

Demonstrating compliance

Compliance of our Tax Review with the relevant reporting frameworks is demonstrated as follows:

GRI 207 Standards	**GRI 207-1** Approach to tax	**GRI 207-2** Tax governance, control, and risk management	**GRI 207-3** Cooperative Relations and Advocacy	**GRI 207-4** Publication of the Country-by-Country Report
Evidence	• The Tax Strategy is included in the Tax Review and approved by the board. • The board approves the Tax Policy and oversees the implementation of the strategy and the management of tax risks. • Corporate structure aligned with the business and in line with legal requirements and corporate governance standards. • Non-use of special-purpose vehicles in non-cooperative jurisdictions.	• Internal control risk framework and processes to ensure tax compliance. • Internal procedure for setting transfer prices aligned with value creation and the arm's-length principle. • Organisational structure and adequate means to ensure the proper performance of the tax function. • Existence of a 24/7 complaints channel. • Application of the tax law in line with the letter and spirit of the law.	• Banking Accord signed by SARS and BASA that commits Nedbank to cooperative tax compliance and open dialogue about tax matters. • Application of the UK Banking Code of Good Tax Practices. • Collaboration with local and international policy-setting organisations and local governments.	• Voluntary publication of the CbCR prepared according to OECD and GRI-207 criteria. • The published CbCR contains economic magnitudes related to the group's performance, as well as a description of its business model with background information on the business activities conducted in each country. • The CbCR is made public on a pro-forma basis for the current financial year, and the actual report that was submitted to the revenue authorities in respect of the prior year.
Tax principles (aligned with The B Team Responsible Tax Principles)	• **Tax morality** • **Transparency** • **Regulatory compliance**	**Accountability and governance**	**Constructive engagement**	**Transparency**