

Nedbank Lesotho Limited Annual results

for the year ended 31 December 2024

Financial Highlights

Headline Earnings
M'000
120,074
(78,453) 2023 ▲ 53%

Cost to Income Ratio

58.9%
(64.2%) 2023 ▼

Credit loss Ratio

0.3%
(1.1%) 2023 ▼

Return on equity

15.5%
(11.1%) 2023 ▲

Common equity tier 1 ratio

24.8%
(27.2%) 2023 ▼



Nedbank Lesotho Limited Financial Results For Year Ended 31 December 2024



Managing Director – Mr. Nkai Matete

Our general sentiment for the 2024 financial year is a positive one as the bank's resilience and focus on innovation landed us on a strong finish despite the challenging operating environment. The first quarter of 2024 hit us with hailstorms in the first quarter, which significantly affected operations at our Maseru Mall offices and business branches. This would later be succeeded by a fire incident which effectively had us close shop in TY as our branch was affected beyond repair. Both occurrences presented an opportunity for our agility, anchored on a core principle of solving for client needs. Our new branch in TY, and new business-client service centre at Maseru Mall are a symbol of Nedbank Lesotho's continued commitment to serving our valued clients.

Innovation

We built onto our new mobile wallet, the Nedbank MobiMoney, a functionality enabling receipt of remittances from South Africa. This partnership solves the challenge of moving funds from our neighbouring country, primarily for the unbanked community in Lesotho. Our wallet is a key response for the country's financial inclusion problem, and we continue to see a positive reception from many Basotho who sign up for this wallet. This innovation is the Nedbank Zaca. We look forward to adding more features onto our digital platforms in 2025.

Industry changes

Two key industry developments, including the Common Monetary Area low value transactions changes, as well as the National Payments Switch, have presented a significant change in how we operate as a bank. Our dedicated teams are forever placing the client in mind as we navigate these new terrains.

Key partnerships & CSI

In the spirit of being financial experts who do good, we have continued to find purpose in supporting some key projects in line with the Sustainable Development Goals (SDGs). We remain a committed supporter of the Hlokomela Banana Trust for promotion of uninterrupted access to education for girls. We have also launched a renewable energy campaign for schools with a beneficiary school to be awarded in 2025 to support their business resilience through operational efficiency.

Financial performance

Nedbank Lesotho delivered exceptional financial results, with headline earnings surging by 53% year-on-year to M120.1 million. This remarkable growth was driven by a robust

Net Interest Income and stronger Non Interest Revenue performance, coupled with effective credit risk management and cost optimisation.

The bank's resolve to continuous investment in its people, technology and infrastructure is evident to the increased client base, transactional activity, and strategic balance sheet tilt resulting in yield pick-up despite operating in a declining interest rate cycle from the last quarter of the year. The bank's resolve to continuous investment in its people, technology and infrastructure is evident to the increased client base, transactional activity, and strategic balance sheet tilt resulting in yield pick-up despite operating in a declining interest rate cycle from the last quarter of the year.

Overall loan book experienced double-digit growth underpinned by a clear focus on both the retail and business segments as supported by adequate funding. All-in-all, the increased profitability and capital optimisation initiatives resulted in a substantial improvement in return on equity, rising to 15.5% from 11.1% in the previous period.

The common equity tier 1 ratio reported at 24.8%, which puts the bank in a position to support its growth ambitions, manage shocks while being compliant with its internal risk appetite and regulatory requirements.

Vote of thanks

We would like to thank the Board of Directors for leadership and guidance, our employees for their dedication and hard work, our clients, partners, and all stakeholders for their unwavering support and contribution in making 2024 a success.

We look forward to further collaboration in 2025 and beyond as we foster economic growth as **financial experts who do good.**

Nedbank Lesotho Limited Financial Results – 2024

Statement of Financial Position As at 31 December 2024

	2024 M'000	2023 M'000
Assets		
Cash and cash equivalents	3 548 032	3 513 825
Non-Pledged trading assets	94 999	142 013
Derivative assets	187	-
Loans and advances	1 730 169	1 577 607
Deferred tax asset	27 301	26 098
Other assets	341 484	658 557
Property, Plant and Equipment	66 945	61 692
Right of Use Asset	10 530	8 033
Intangible assets	14 984	8 774
Total assets	5 834 631	5 996 599
Liabilities and equity		
Deposits from banks	1 213 231	1 864 060
Deposits from customers	3 402 651	3 177 577
Derivative liabilities	113	-
Current tax liability	9 694	1 400
Deferred revenue	15 351	14 046
Other liabilities	405 328	222 083
Lease obligations	11 245	9 048
Total Liabilities	5 057 613	5 288 214
Share capital	20 000	20 000
Reserves	55 702	55 702
Retained earnings	701 316	632 683
Total equity	777 018	708 385
Total liabilities and equity	5 834 631	5 996 599

Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2024

	2024 M'000	2023 M'000
Interest Revenue	556 320	429 096
Interest Expense	(243 307)	(166 294)
Net Interest Income	313 013	262 802
Non-Interest Revenue	129 095	115 137
Impairment of Loans and Advances	(4 703)	(17 578)
Staff Costs	(114 799)	(100 036)
Depreciation and Amortisation	(15 758)	(16 255)
Other operating expenses	(150 803)	(141 277)
Profit before taxation	156 045	102 793
Taxation	(35 971)	(24 340)
Profit for the year	120 074	78 453
Other comprehensive income		
Re-measurements on net defined benefit liability/asset	(6 610)	(6 820)
Gains on property revaluation	-	1 123
Other comprehensive income for the year net of taxation	(6 610)	(5 697)
Total comprehensive income for the year	113 464	72 756

Nkai Matete
Managing Director
Nedbank Lesotho Limited

Sebebe Setse
Chairman of Audit Committee
Nedbank Lesotho Limited

see money differently

Nedbank Lesotho Limited Reg No I92/191. Authorised financial institution and credit provider.

NEDBANK